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ASEAN Invites SRV To Attend Sep Forum

BK1408100694 Bangkok THE SUNDAY NATION in English 14 Aug 94 p A2

[By Kunlachada Chaiphiphat]

[Text] Vietnam has taken a further step towards becoming a full ASEAN member by being invited to attend the ASEAN annual meeting of economic ministers to be held next month, ASEAN officials said.

The officials said the agreement to invite Vietnam was reached soon after the July meeting in Bangkok of ASEAN foreign ministers who endorsed Vietnam as the seventh member of the six-member grouping.

The Vietnamese membership bid gathered speed at the Bangkok meeting at which Vietnam said it would be ready to submit a formal application at the next ministerial meeting in Brunei in spite of some technical problems including manpower.

ASEAN and Vietnamese officials at the Bangkok meeting agreed on schedules of preparatory work needed to be done including an in-depth study of the original structure, the procedural and operational mechanisms and the preparation of staff contingents to work with ASEAN.

Vietnam has asked to see all documents it will have to complete before and after membership, among which are the ASEAN Free Trade Agreements, the ASEAN Fund, the ASEAN Secretariat and a series of founding agreements, including the Bangkok Declaration, the ASEAN Concord, and the Zone of Peace, Freedom and Neutrality.

Vietnam also asked to attend every meeting of ASEAN senior economic officials to become familiarized with ASEAN projects and activities.

ASEAN Secretary-General Ajit Singh will soon lead a team to Vietnam to conduct a joint assessment on a number of issues related to Vietnam's entry.

ASEAN countries differed on the speed with which Vietnam will join and on whether Vietnam should join AFTA once it obtained full membership as had other countries.

ASEAN officials said being an ASEAN member was tough, because member states have to attend more than 200 meetings a year.

ASEAN Summit Planned Before Apec Meeting

BK1808045794 Bangkok THE NATION in English 18 Aug 94 p A1, A4

[Text] ASEAN leaders will have an informal summit a day before the annual Asia-Pacific Economic Cooperation (Apec) meeting in Indonesia to discuss how ASEAN would position itself in a wider regional economic group, a Thai official said.

The source said the informal summit was proposed by Malaysia at the recent ASEAN foreign ministers meeting in Bangkok earlier this year. The informal summit might take place in Jakarta, a day before the Apec summit in Bogor, Indonesia, the official said.

The fifth ASEAN summit is scheduled to take place in Bangkok in late 1995. ASEAN leaders at their Fourth Summit in Singapore in 1992 agreed to meet officially every three years and informally at any time when the need arises.

Malaysia has been pushing for the creation of the East Asian Economic Caucus, a loose consultative forum among economies in the Asia-Pacific region, with the exclusion of the United States and Australia.

Apec consists of 17 economies: They are the ASEAN Six, the United States, Australia, New Zealand, Japan, Canada, South Korea, Hong Kong, China, Taiwan, Mexico and Papua New Guinea.

The source also said that ASEAN farm ministers would discuss whether to include farm products in the ASEAN Free Trade Area (Afta) tariff cuts at their upcoming meeting in Malaysia.

Senior ASEAN agriculture officials will next week meet in Kuala Lumpur to work on how to cut tariffs on farm goods under Afta. To date, the Afta agreement requires members to cut tariffs on manufactured goods to a maximum of five per cent over 15 years, ending 2008.

A few weeks after the senior officials' meeting, the ASEAN farm ministers will consider the matter at a meeting in Langkawi, Malaysia.

Japan

Hashimoto To Meet Kantor, Brown 7-8 Sep

OW1908123494 Tokyo KYODO in English 1216 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—Japan's International Trade and Industry Minister Ryutaro Hashimoto will meet with U.S. Trade Representative Mickey Kantor and Commerce Secretary Ron Brown in Washington Sept. 7-8 to attempt to break the deadlock in the Japan-U.S. Trade "framework" talks, a senior ministry official said Friday.

Hashimoto will fly to Washington before attending a quadrilateral trade session among trade ministers from Japan, the United States, Canada and the European Union, to be held in Los Angeles Sept. 9-11, said the official, who declined to be named.

The official also said Hashimoto plans to meet with his Canadian counterpart, Roy MacLaren, in Ottawa on Sept. 6.

The official said the meeting with Kantor, the chief U.S. negotiator for the framework talks, will focus on how to resume the stalled talks for the framework's three priority sectors—government procurement, insurance, and trade in autos and auto parts.

But the official warned against excessive optimism, saying an immediate accord in the three sectors will be difficult in the Hashimoto-Kantor meeting as no progress has been made since late July.

Tokyo and Washington are far apart over the definition of "objective criteria" as a tool to assess progress in the opening of Japan's markets. The U.S. is prepared to launch procedures for sanctions if no breakthrough is made before the end of September.

EPA Announces Another Market-Opening Measure

OW1908064294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Aug 94 Morning Edition p 5

[Text] The Economic Planning Agency [EPA] has worked out another market-opening measure for foreign firms. The measure includes the establishment of a special organ by the end of the next fiscal year that will accept foreign firms' complaints about the Japanese Government's procedures for purchasing goods and services. When complaints are made and found to be reasonable in the light of GATT, under which the GATT members are required to hold competitive bidding for government procurement, the organ will call on the government or local governments to correct their purchasing procedures. In addition, the EPA will invite foreigners to be special members of the Council on the Promotion of Foreign Firms' Investment in Japan [CPFI], which is composed of the Cabinet members and designed to hear their opinions and requests. Moreover, the EPA will ask the Office of the Trade and Investment Ombudsman (OTO, with Prime Minister Murayama as chairman)—which is designed to accept foreign nations' complaints about Japan's import procedures—to shorten the complaints examination period.

The EPA plans to incorporate the investigation cost and other costs needed for implementing those measures in its budget request for fiscal 1995.

Concerning government procurement, the GATT member nations agreed last December to open competitive bids in principle if their purchase of goods and services such as construction exceeds 130,000 Special Drawing Rights (SDR; approximately Y2 million at the current exchange rate) and 4,500,000 SDR (approximately Y700 million), respectively. This agreement comes into effect in January in 1996. When the agreement was reached, GATT imposed the duty on member nations of coming up with measures to help foreign firms register a protest when they are found to have been discriminated against in bidding.

The EPA's plan to establish the special organ to deal with foreign firms' complaints is designed to meet the GATT requirement. The secretariat of the new organ will be set up within the EPA. Establishing the organ, the EPA will hear, if any, foreign firms' complaints about bidding results and then examine whether the bidding procedures infringed upon the GATT agreement.

It was decided at a Cabinet meeting held in mid-July that the secretariat of the CPFI will also be set up (chairman: Prime Minister Murayama) within the EPA, with the aim of hearing requests and complaints by foreign firms and Chambers and Commerce and Industry and then work out measures to deal with the calls. The first meeting of the council is scheduled to be held as early as the end of September. Beginning with the second meeting, foreign experts on commerce issues will be invited as special members. After making clear mooted points raised by the foreign members, the EPA plans to reflect their opinions in policies concerning market-opening.

Tokyo Liberalizes Imports of U.S. Apples

OW1908112394 Tokyo KYODO in English 1109 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—Japan announced Friday [19 August] the lifting of a ban on apple imports from the United States.

Despite strong opposition from Japanese apple growers, the government will allow U.S. apples to enter the Japanese market starting with those harvested this fall, the Ministry of Agriculture, Forestry and Fisheries said.

Meanwhile, the U.S. announced Monday the lifting of a ban on imports of Japanese apples, ministry officials said.

Japan in principle liberalized apple imports in 1971 but quarantine regulations prevented any imports.

The U.S. began improving methods of sterilizing apples for export in 1986 and a Japanese official who went to the U.S. on an inspection tour decided in April that U.S. apples are eligible for shipment to Japan.

Apple imports from New Zealand began in April after the Japanese Government gave the go-ahead in June last year.

Currently, France and Canada are also asking Japan to lift its ban on their apples as well.

Tokyo Welcomes U.S. Decision on Interest Rates

OW1808162994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Aug 94 Evening Edition p 1

[Text] The government and the Bank of Japan [BOJ] have welcomed the decision by the U.S. to raise its interest rates. They consider the decision "a timely step" (as stated by a senior BOJ official) to thwart growing concerns in the United States about the possibility of inflation. In addition, they hope the step will effectively prevent a further rise in the yen exchange rate, which has hovered around the record range of about 100 yen to the dollar. Among those concerned with the exchange market, however, there are concerns that Japan will be expected to implement further financial deregulation. The BOJ thus plans to carefully discern market trends.

The Ministry of Finance and the BOJ have concluded that "speculative moves based on concerns in the United States about the possibility of inflation were one of the factors" that contributed to the exchange rate fluctuations in July. They hope that the yen exchange rate, which has already calmed down due to the latest increase in U.S. interest rates, and the long-term interest rates in Japan and the United States will further settle down.

Meanwhile, the BOJ, which has no plans for the time being to change its monetary policy, is on the alert for increased pressure against Japan to raise its interest rates as a result of the increase in U.S. interest rates. The BOJ feels that further financial deregulation would generate concerns about the possibility of inflation. However, it has also been judged that a further rise in interest rates in the short-term money market could have a negative impact on the economy, which is currently on the upturn. As regards tentative monetary adjustment, the BOJ, therefore, plans to restrain interest rate increases in the short-term money market.

Business Leaders Urge End to Strong Yen

OW1908095694 Tokyo KYODO in English 0937 GMT 19 Aug 94

[Text] Fuji Yoshida, Japan, Aug. 19 KYODO—Business leaders attending a management seminar here voiced calls Friday [19 August] for an end to the strong yen, conference sources said.

The sources said the currency problem was one of the major topics of discussion at the closing session of the two-day meeting organized by the Japan Federation of Employers' Associations (Nikkeiren) at the resort city at the foot of Mt. Fuji, west of Tokyo.

Yukio Noguchi, professor at the state-run Hitotsubashi University, told the session Friday that the value of currencies is determined by the productivity of the respective nations in the long run, and the yen will appreciate further if Japanese corporations promote structural reforms, they said.

Akira Miki, an adviser to Nippon Steel Corp., expressed concern that Japan's manufacturing industry will be destroyed if the current level of 100 yen to the dollar continues, the sources said.

Nobuo Tateishi, vice chairman of Omron Corp., stressed the need for Japanese companies to carry out structural reforms to cope with the strong yen while expressing hope that the yen's value will decline to 110 to the dollar, they said.

The yen closed the week at 98.35 to the dollar, a sharp 1.35 rise from the previous day.

Tatsuo Tanabe, chairman of Nisshinbo Industries Inc., proposed the introduction of bold approaches, including a land leasing system, to promote the conversion of farmland to the construction of housing in order to bring down prohibitive real estate prices, they said.

The sources also said Takeshi Nagano, head of the federation, told the meeting that agriculture will become unprofitable in Japan since structural reforms of the industry will slash job opportunities, reduce productivity and decrease per-unit output.

Nagano called for work sharing among industries to create new jobs and protect employment security, they said.

The system should be put into effect before a large number of workers lose their jobs amid the recession, he said, adding that the strong yen has hit certain industries, making it difficult for them not only to secure employment but to raise wages.

Top priority should be placed on employment security, he said, appealing to companies spared by the protracted recession to take over surplus workers from firms hit hard by the strong yen.

Further on Aborted H-2 Rocket Launching

OW1808143994 Tokyo KYODO in English 1425 GMT 18 Aug 94

[Text] Tanegashima, Japan, Aug. 18 KYODO—The launch of a second H-2, Japan's domestically developed rocket, had to be called off just seconds before its scheduled liftoff Thursday [18 August], serving a blow with Japan's ambition to grab its share of the commercial satellite market.

Scientists fired the main engine of the H-2 at 4:40 P.M., but the launch from the Tanegashima Space Center in southern Japan was suspended during the final countdown, when the rocket's two solid rocket boosters failed to ignite, the National Space Development Agency (NASDA) said.

The rocket itself and its payload, an experimental telecommunications satellite to be placed into orbit during the mission some 36,000 kilometers above the earth, were not damaged, officials said.

At an urgently called news conference NASDA Director Tomifumi Godai said that the launch operation proceeded well under ideal weather conditions until six seconds before liftoff.

Four seconds later the main engine was automatically stopped by the computer, which controls the final 190 seconds before liftoff, he said.

The booster rockets were found to be leaking fuel, presumably because of a defect in the circuit of the countdown sequenzer (CDS), the computer system that controls the launch process.

The booster rockets were also still attached to their fixtures on the launching pad and had not dropped their fuel containers as scheduled directly after ignition, godai said.

NASDA has said that a successful second mission would confirm the capabilities of the H-2 and bring it one step closer to commercial use.

The space agency expects that the technical problems will be straightened out within several days.

Officials said they hope that damage to the rocket's credibility can be limited if another launch attempt, not likely before Aug. 23, goes smoothly.

Godai refused to call the suspended launch a failure. "I don't think there's a basic problem, since the first launch (of an H-2) succeeded perfectly," he said.

Shigebumi Saito, honorary professor of space engineering at the University of Tokyo and a former member of the space activities commission, called the incident "a very regrettable mistake."

"Since a defect in a ground device was the cause, it should have been detected beforehand. This is a reason for serious soul-searching," he said.

The H-2 was developed at a cost of 270 billion yen and was first launched successfully in February. The rocket has a length of 50 meters and weighs 260 tons together with the satellite.

High reliability is crucial if the H-2 is to make inroads into the satellite-launching market, since the European-built Ariane rocket places satellites into orbit for only half the price.

It is the second time that the liftoff of a satellite launch vehicle has been canceled at the last moment.

On Aug. 8 five years ago the fifth mission of an H-1, the smaller predecessor of the H-2, had to be called off for similar reasons. It was eventually launched about a month later on Sept. 6.

Launch Rescheduled: 28 Aug

OW1908124694 Tokyo KYODO in English 1151 GMT 19 Aug 94

[Text] Tanegashima, Japan, Aug. 19 KYODO—The launch of a second H-2, Japan's only entirely domestically developed rocket, which was called off Thursday just seconds before its scheduled liftoff, has been rescheduled for 4:50 P.M. on Aug. 28, the National Space Development Agency said Friday [19 August].

Engineers at the launch site, the Tanegashima Space Center in southern Japan, are still trying to determine why the rocket's two solid rocket boosters failed to ignite, agency officials said.

A defect in one of three key microchips in the countdown sequencer, the computer system that automatically controls the final 190 seconds before liftoff, appears to be the cause of the launch failure, they said.

The chips have been replaced and are being tested. These tests and an examination of the defective chip are expected to last until next Wednesday.

Another couple of days will be necessary to replace a part connecting the rocket's second-stage engine with its fuel supply, which was found to be wet from condensation.

The H-2 launch might, however, be delayed if a strong typhoon, which is currently approaching Tanegashima from the south, does not change its course, the officials said.

Europe Should Contribute for DPRK Reactors

OW1908012194 Tokyo ASAHI SHIMBUN in Japanese 18 Aug 94 Morning Edition p 3

[Text] Speaking about the issue of assisting the DPRK in changing its nuclear reactors into light-water-type ones, an official of the Ministry of Foreign Affairs on 17 August said: "The DPRK nuclear issue is one that concerns the security of not only Japan and South Korea but the world. There are so many countries concerned."

The official said that, as such, not only Japan, the United States and South Korea, but also the major European countries should provide fiscal assistance for this purpose. He noted, "Japan is providing assistance to the

Ukraine regarding its nuclear plant problems, and that is a country geographically far from Japan."

Tokyo To Announce Support for SRV To Join ASEAN

OW1908050294 Tokyo MAINICHI SHIMBUN in Japanese 18 Aug 94 Morning Edition p 2

[Text] Prime Minister Tomiichi Murayama has decided to announce support for a bid by the SRV to join the ASEAN when he visits that country on a leg of his tour of ASEAN countries. His tour is due to begin on 23 August.

Japan is not a member of the organization, but thinks the SRV's joining ASEAN is desirable for the reform [doimoi] line being pursued by that country. Murayama also wants to state Japan's positive stand on economic support to the country as a way of making the point that Japan considers the SRV important.

Murayama will be in Hanoi, capital of the SRV, for two days from 25 August, and will meet with Prime Minister Vo Van Kiet, President Le Duc Anh, and Communist Party General Secretary Do Muoi. The SRV's joining ASEAN was agreed to in principle at a meeting of ASEAN foreign ministers last month.

An official of the Ministry of Foreign Affairs [MOFA] said, "the SRV's joining ASEAN will also be beneficial in defining Japan's relations with the SRV as a key part of its Asian and Pacific diplomacy." The prime minister wants to announce support for normalization of U.S.-SRV relations as well, if possible.

Ex-SDF Officials To Discuss Satellite in Asia

OW1908100894 Tokyo MAINICHI SHIMBUN in Japanese 16 Aug 94 Evening Edition p 9

[Text] While it is learned that the Defense Agency has prepared a report on a satellite program, a group of former senior officers of the Self-Defense Forces [SDF], who have been studying this matter on their own, plan to tour Asian nations to seek understanding of these countries on a concept of jointly using Japanese satellites.

These people will meet with defense officials of these countries, and will discuss with them the purpose for the concept. They will say, "It will become necessary for the nations to be proficient in collecting information in order to ensure peace in Asia." The concept is already receiving positive comments from some of the Asian countries. Meanwhile, the Defense Agency is perplexed by these diplomatic activities of the former senior agency officials.

The individuals, who will make up the group, are five research members of the "Defense Research Center (DRC)," a foundation under the Defense Agency which seeks promotion of technologies from the perspective of security. And they are all former SDF officers who used to hold high ranks such as lieutenant general and major general.

The DRC last November prepared a report called "Concept on Asia Satellite Information Processing Center" detailing plans for launching reconnaissance satellites. The project, estimated to cost 500 billion yen in all, envisages satallite launching in 2003. The satellites will be able to monitor the Asian areas using optical sensors with accuracy in unit of 5 meters [preceding four words as published]. The satellites will be operated by the "Asian Information Processing Center" which will be an organization of military personnel from various countries, and information collected will be available to all Asian countries. Full preparations, including training of necessary personnel, will begin next year, but plans on raising necessary funds have not been set yet.

Baffled Defense Agency

Toshun Sekitani, who drafted the report on the concept, is a graduate of the first class of the National Defense Academy, and a former Ground SDF major general. He retired as commandant of the Ground SDF Intelligence School, the position which is responsible for studies on satellites in the Ground SDF. He is now a research member of the DRC.

Sekitani said, "Persons who deal with security would like to have accurate information. But if we think about emotions of Asian countries, it will be difficult for Japan to possess satellites for its own interests only. Hence, this concept of Japan providing funds for the cause of Asian security."

According to him, last October, shortly before announcing the concept, he discussed this with military attaches from Thailand, and they were "all for it."

First, this group will tour Taiwan, Australia, and New Zealand over a week-long period in mid-September. Then on a second trip, it will tour Singapore, Malaysia, Thailand, and Indonesia. In a third trip, it will cover the Korean peninsula and China.

Asked about this planned visit, as well as the concept on the satellites, the Defense Agency said, "We are in no position to comment on it," but many DA officials were baffled. A Ground Staff Office officer said, "We are concerned lest the SDF should be thought to have sent this group for the purpose of possessing satellites. I think uniformed officers should be more cautious about their actions even after they have retired from their services."

SDF Members To Aid Rwandan Refugees in Sep

OW1808115994 Tokyo KYODO in English 1136 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—Japan will dispatch Self- Defense Forces (SDF) personnel as early as September to countries bordering Rwanda to help Rwandan refugees, the government said Thursday.

The size of the SDF contingent to be dispatched will be decided later, a government spokesman said.

Government sources said under the blueprint agreed by the three ruling coalition parties Wednesday, 200-300 members from the SDF's medical, sanitary, engineering, supply and transport sections are expected to be dispatched.

The government and the three ruling coalition parties on Thursday officially endorsed the dispatch of SDF personnel to nations neighboring Rwanda, Deputy Chief Cabinet Secretary Nobuo Ishihara said.

Ishihara told a press conference the Social Democratic Party (SDP), the Liberal Democratic Party and new party Sakigake [Harbinger] agreed to begin mapping an itinerary for the dispatch.

Japan will decide on the details of the SDF dispatch after considering the results of a second fact-finding mission to be sent to Zaire as early as next week to study Japan's possible contributions there, Ishihara said.

But he said the government hopes to send the SDF personnel "as early as possible, within next month at the earliest, because of the urgency of the problem."

If dispatched, it will be the first SDF mission to be sent under the "humanitarian aid clause" of the International Peace Cooperation Law, which paved way for the overseas dispatch of the SDF.

Japan has previously sent SDF troops to join United Nations peacekeeping operations in Cambodia and Mozambique since the enactment of the law in June 1992.

SDF personnel on the planned mission to help Rwandan refugees are likely to engage in such activities as providing medical and sanitary care, supplying food and water to refugees and setting up accommodations at refugee camps, government sources said.

Ishihara said the number of SDF personnel will be decided after the second mission returns.

He said the second government mission, which is likely to leave on Aug. 22, is to consist of about 10 officials from the Foreign Ministry and the Defense Agency, who will visit Zaire for about 10 days.

The mission will inspect refugee camps, study local conditions and determine what kind of assistance and equipment are needed in the camps, he said.

Japan has so far provided financial assistance totaling 42 million dollars to the U.N. High Commissioner for Refugees (UNHCR), to other international humanitarian aid organizations and nongovernmental organizations, and has offered relief supplies to aid Rwandan refugees.

The decision to send SDF personnel followed a report by the first government mission sent earlier this month, Ishihara said.

The first mission, which returned last week after observing refugee camps in Zaire and Tanzania, suggested in its report that sending doctors and nurses would be unsatisfactory and that an effective Japanese contribution should include a "self-sufficient" organization capable of engaging in such logistics as the transport of food and medicine.

Ishihara said the SDF is the only organization in Japan presently capable of such activities, and added that the dispatch of SDF personnel under the "humanitarian aid clause" of the Peacekeeping Cooperation Law is "legally possible."

He said, however, that the five conditions for participation in U.N. peacekeeping operations, including the recipient government's agreement to accept Japanese troops, should be met before actually dispatching the SDF.

Ishihara said the government will await the second mission's report to decide whether the SDF personnel should carry light arms for self protection.

The SDP led by Prime Minister Tomiichi Murayama has basically opposed sending SDF personnel abroad to join U.N. peacekeeping operations, saying that it violates the Constitution.

But the party agreed on the Rwandan refugee aid mission since it aims to join "international humanitarian rescue operations," SDP officials said.

Later in the day, Foreign Ministry sources said the SDF is likely to be dispatched to Zaire rather than to Tanzania since the state of disarray, and thus the need for assistance, is greater in Zaire.

The sources also said the second government mission is to consist of about 13 members who will visit Entebbe, Uganda and refugee camps in Goma, Zaire.

The mission may also visit Kigali, Rwanda, to collect information on Rwandan refugees, and the members will also hold talks with UNHCR officials, the sources said.

Banks To Lend PRC $50 Million Syndicated Loan

OW1908100094 Tokyo KYODO in English 0934 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—Japanese financial institutions led by Norinchukin Bank and Mitsubishi Trust and Banking Corp. will extend 50 million dollars in seven-year syndicated loan to China International Trust and Investment Corp. [CITIC], officials said Friday [19 August].

Norinchukin and Mitsubishi will lend 10.5 million dollars each, while Zenshinren Bank, ASAHI Bank, Daiwa Bank, Mitsui Trust and Banking Co., Toyo Trust and Banking Co., and Yamaguchi Bank will also join the syndicate.

CITIC is a state-owned financial institution engaging in procurement of foreign currencies, making investments and loans in foreign currencies, and settling trade accounts.

Its total assets as of the end of last year were some 82.8 billion yuan, or about 990 billion yen.

Tokyo To Give Aid to Central African Republic

OW1908093494 Tokyo KYODO in English 0902 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—Japan will give Central Africa grant-in-aid of up to 427 million yen to help it finance a project to develop underground water in the western part of the republic, the Foreign Ministry said Friday [19 August].

Japanese Ambassador to Central Africa Yoichi Hayashi, and Bounandele Koumba, Central Africa's secretary of finance, planning and international cooperation, exchanged documents on the Japanese aid in the capital city of Bangui on Friday, the ministry said.

The aid will be used to dig 120 wells in western Central Africa, it said.

Tokyo 'in Quandary' Over Taiwan's Invitation

OW1908035894 Tokyo KYODO in English 0334 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—Japan is in a quandary over the wish of the Olympic Council of Asia (OCA) to invite Taiwan's President Li Teng-hui to the Asian Games to be held in Hiroshima Oct. 2-16, a government source said Friday [19 August].

The government appears to be torn between reports the OCA has extended an invitation to Li and China's request not to allow him to attend the games.

"If we have to weigh the two sides, Japan's relationship with China would be more important, but if we consider the pro-Japan Taiwan president and the Taiwanese people, we are really placed in a dilemma," the source said.

On Thursday, the SANKEI SHIMBUN reported that the OCA had invited Li to hiroshima as a guest and that Taiwan had informed Japan of the invitation in early July.

In response, Chinese President Jiang Zemin reportedly told Koichi Kato, chairman of the Policy Affairs Research Council of the Liberal Democratic Party, on Wednesday in Beijing he does not wish the Taiwan president to be invited to the Hiroshima games.

Japan ceased mutual visits by cabinet-level and high-ranking officials to Taiwan after Tokyo severed diplomatic relations with Taipei in 1972 when Japan established diplomatic relations with China.

A field of 6,800 athletes and officials from 42 nations and territories are expected to participate in the 15-day games.

Drought-Hit Oil Refiners Import Korean Water

OW1908084594 Tokyo KYODO in English 0757 GMT 19 Aug 94

[Text] Okayama, Japan, Aug. 19 KYODO—Drought-stricken Japanese oil firms are rushing to import water from South Korea, China and Vietnam for use in oil refining, company officials said Friday [19 August].

The first shipment of 6,000 tons of water imported from South Korea by Japan Energy Corp. arrived at the inland sea port of Mizushima, in western Japan, Friday morning for use in a nearby refinery.

Water is necessary in processing crude oil into oil products.

The officials declined to disclose import costs, but industry sources estimated the burden at about 1,200 yen per ton.

A record summer heat and droughts have forced local authorities in rain-scarce areas to impose water rationing, prompting oil refiners to turn to neighboring countries for emergency supplies.

Japan energy officials said the company plans to import an additional 31,000 tons of water from Hong Kong and Shanghai, China, by the end of this month.

They said the company will also import 20,000 tons of water from Vietnam in early September for use at its refinery in Chita, Aichi Prefecture.

Other refiners, including Mitsubishi Oil Co., also plan to import tens of thousands of tons of water from neighboring countries in the near future, they said.

Import costs will be reflected in the prices of products, they said.

Views on War To Remain 'Seed of Troubles'

OW1808134994 Tokyo YOMIURI SHIMBUN in Japanese 16 Aug 94 Morning Edition p 2

[Unattributed article: "Environment Agency Director General Sakurai's Resignation Can Be Seed of Troubles Causing Split in Ruling Coalition Parties"]

[Text] The dispute over former Environment Agency Director General Shin Sakurai's controversial remark—saying "I do not think Japan fought the war thinking it was a war of aggression"—has been resolved with his resignation to assume responsibility. But with views on the Pacific War differing among the ruling coalition parties of the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and New Party Sakigake [Harbinger], that incident is likely to remain as a seed of troubles that can cause a split in the coalition. An official of the LDP admitted, "It will be difficult for the ruling parties to come to an agreement on the view of the war."

Differences of View

The LDP leadership gave priority to maintaining the "coalition government" and accepted the SPPJ's demand to "resolve the issue by his resignation." But within the LDP there are many dietmembers who are reluctant about defining the Pacific War as a war of aggression. It it possible that complaints will be voiced against the leadership which wants to put a cap on this issue without trying to adjust views on the issue of war and other points.

In August last year when (then) Prime Minister Morihiro Hosokawa stated the war was a "war of aggression," voices of protest erupted out of the LDP. Some dietmembers insisted "such a definition of the war cannot be made when we think about the war dead and other war victims." Last June when the ruling coalition parties were trying to adjust their major policies among themselves, an LDP official predicted: "The toughest to deal with will be the view on the war, the issue of war reparations, and the question of what Japan should announce to do on the passing of 50 years from the end of the war. I think some differences of view will emerge." In other words, his prediction came true when Sakurai made the statement, and that problem had to be resolved by relieving him as a cabinet member. There is no doubt that contentions over this war view will drag on in the future. It is even possible that the question of whether the LDP "can really work with the SDPJ" will arise among the dietmembers who think similarly about the war as Sakurai does.

On the other hand, even during the times of the LDP one-party rule, there were incidents of several cabinet members having had to resign over controversial remarks on the war in face of protests from neighboring countries. And there are a growing number of LDP dietmembers among junior members who are sympathetic with the SDPJ about the view on the war. Consequently, some observers think there will be "no major confusion."

Sense of Relief

As for the SDPJ, General Secretary Kubo of which called for the resignation of Sakurai, the party is relieved to see that damage to the Murayama government has been limited to a minimum possible extent. An official of the party said, "It was fortunate that the problem was not allowed to drag on and was resolved at an early stage."

After the Murayama government was inaugurated, the SDPJ made a major change of its basic policy admitting "the Self-Defense Forces as constitutional" for instance, and is now being forced to come up for itself with a new picture which is "suitable for the SDPJ." Meanwhile, next year will mark the 50th year after the end of the war. The question of war reparations along with the issue of arms reduction is looming as a major task to tackle. Besides, some of the right-wing members of the party had been rather critical of Sakurai and Transport Minister Shizuka Kamei—the two who had pushed for "coalition of the LDP with the SDPJ"—joining the cabinet to begin with. Given the circumstances and with the special party convention set to open on 3 September, the party leadership had no choice but to deal with the Sakurai statement issue in a harsh way.

The SDPJ official said his party hopes the LDP will be cooperative in the SDPJ's campaign to portray it as a "dovish government." He said: "In the future, the LDP cabinet members should take the recent incident as a lesson, and be cautious about remarks on the war issues."

Confrontation

Opposition parties, meanwhile, are getting ready to confront the Murayama cabinet on this issue, and to deal strictly with the question of cabinet members' views on history at the Budget Committee sessions and other occasions once the special Diet session opens in September. Hajime Funada, a secretary of Shinseito [Japan Renewal Party], charged, "The Murayama cabinet and the coalition parties cannot escape from their responsibilities," and Takashi Yonezawa, chairman of the Democratic Socialist Party, added, "The problem lies with the prime minister who chose the cabinet members."

The opposition camp thinks that "as far as the historical war view is concerned—whether the war was a war of aggression or not, the SDPJ cannot make any concessions [on its positions to the LDP]," according to an official of Komeito. As such, the official said, the parties want to "bring to open the irrationality of the LDP-SDPJ coalition and thus to publicize the absurdity of the coalition." Since the SDPJ made a turnaround in its policies on the SDF and other issues, the opposition parties have had problems finding issues to lambaste the government with. Now it can be said that they have found one.

But among the opposition parties, Shinseito finds itself in an awkward position in joining other parties to attack the government. Shigeto Nagano, justice minister under the Hata government, had to resign over a similar issue no sooner than the Hata cabinet started. That being the situation, it is yet to find out how far the opposition camp can go in the attack plan.

Strong Support for Constitution's Article 9

OW1908003894 Tokyo KYODO in English 0006 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—Seventy-nine percent of respondents surveyed in a nationwide poll by the

MAINICHI SHIMBUN supported the war-renouncing Article 9 of the Constitution, the daily reported Friday.

The paper conducted a telephone survey of 1,000 eligible voters on July 31, but it did not reveal the response rate.

Those who do not support article 9 stood at 18 pc [percent], the daily said.

The Article 9 stipulates, "the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes."

A similar poll conducted by the paper in September 1991 showed 77 percent of the respondents supported article 9.

Regarding Japan's bid for a permanent seat on the U.N. Security Council, 40 percent of respondents support the bid, while 18 percent disagree with such an attempt, according to the paper.

Forty-two percent of respondents did not reply to this question.

A separate survey by the MAINICHI of 100 section-chief-level officials of central government ministries and agencies over the pacifist Constitution was carried out late July.

Some 20 percent of respondents said Japan should maintain the current Constitution claiming they pride themselves on the Constitution, according to the MAINICHI.

While 39 percent call for new legislation such as basic security law over Japan's role for the international community while preserving the current Constitution, the paper said.

Only 2 percent of respondents favor a total revision of the Constitution.

As for Japan's permanent membership of the U.N. Security Council, 63 percent support such a bid, while 11 percent have a cautious stance over the attempt, according to the MAINICHI.

Vote Disparity of Lower House Likely To Widen

OW1908110494 Tokyo KYODO in English 1003 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—The maximum vote disparity in a House of Representatives election under the new electoral system is likely to be larger than estimated earlier, standing at 2.226 to 1 on the basis of the most recent population figures released Friday [19 August] by the Home Affairs Ministry.

The disparity is wider than that calculated last week when a government panel proposed a new electoral map for 300 single-seat constituencies for the lower house. The earlier calculation of 2.137 to 1 was based on the 1990 census, whereas Friday's figure is based on population data as of last March 31. Japan's population stood at 124,322,801 at the end of March, an increase of 365,343 from a year earlier.

Under the new data, the most populous single-seat constituency, Aichi No. 10 electoral district, has a population of 555,455, and the least populated one, Shimane No. 3 district, has 249,483 people.

This means that a vote in the Shimane constituency will be worth 2.226 in the Aichi District.

The panel has made it a principle that vote disparity should be less than 2 to 1, but 41 constituencies have a population of more than twice that of Shimane No. 3 constituency, according to the latest population figures.

Under the previous data, 28 constituencies violated the rule.

The new data is also likely to require a change in the number of single-seat constituencies in six prefectures.

Following the panel's proposal, the coalition government will draw up a bill defining the boundaries of the 300 constituencies and submit it to an extraordinary Diet session expected to be convened in late September.

In January, the Diet legislated a package of political reform bills, including one to replace the present 511 lower house seats organized in multiple-seat constituencies with a combination of 300 single-seat constituencies and 200 proportional representation seats.

Opposition Drafts Principles of New Party

OW1808141594 Tokyo KYODO in English 1336 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—Nine opposition groups held their first meeting Thursday [18 August] to draft the basic principles of a new party they intend to forge in an effort to wrest power from the current coalition government, opposition officials said.

The nine parties and groups, which exclude the Japanese Communist Party, are Shinseito [Japan Renewal Party], Komeito, the Japan New Party, the Democratic Socialist Party, the Liberal Party, New Party Mirai, the Democratic Reform Party, the former Kaikaku no Kai, and Koshi Kai, the officials said.

A policy-making official from each of the nine met at the Diet and picked former Health and Welfare Minister Yuji Tsushima of Koshi Kai as chairman of the panel, they said.

Beginning next Tuesday, the group will meet three times by the end of the month to iron out the principles, which will be submitted for endorsement to meetings of party heads and leaders scheduled on Sept 5., they said.

The panel had initially planned to discuss a new party platform, but has put off dealing with concrete policies until another forum for the new party is formed in early September.

Some members of the Social Democratic Party (SDP) led by Prime Minister Tomiichi Murayama may defect after the SDP convention on Sept. 3, and it would be easier for them to join the opposition if the new party's platform remains unfixed, opposition sources said.

Opposition leaders have reached an accord that the new party's principles will be based on "sound" parliamentary performance, international cooperation and pursuing a higher quality of life.

Also on Thursday, former Prime Minister Tsutomu Hata, head of Shinseito, said the new party should come into being at the end of September as earlier proposed.

Hata said 190 to 200 lawmakers from the 511-member House of Representatives will initially join the new party.

He said some members of the SDP and the Liberal Democratic Party (LDP), the two main partners in the three-party ruling coalition, will later defect to the new opposition bloc.

The SDP, the LDP and New Party Sakigake [Harbinger], an LDP splinter group, currently control nearly 300 seats in the lower house.

The new party scheme has been the top priority among the opposition groups since the former ruling coalition led by Hata lost power at the end of June to the surprise alliance among the LDP, the SDP and Sakigake.

The opposition's primary strategist Ichiro Ozawa, cofounder of Shinseito, has been the most vocal proponent of the plan.

Party Officials Discuss Coalition, Policies

OW1808132994 Tokyo MAINICHI SHIMBUN in Japanese 31 Jul Morning Edition pp 2-3

[Panel discussion by Yoshiro Mori, secretary general of the Liberal Democratic Party; Wataru Kubo, secretary general of the Social Democratic Party of Japan; Kozo Watanabe, acting secretary general of Shinseito; and Yuichi Ichikawa, secretary general of Komeito; moderated by MAINICHI SHIMBUN editorial board member Takakazu Matsuda; place and date not given; first paragraph is MAINICHI SHIMBUN introduction]

[Text] One year has passed since the inauguration of the first coalition government, which marked the end of uninterrupted one-party rule by the LDP [Liberal Democratic Party]. One month has passed since a new coalition government led by SDPJ [Social Democratic Party of Japan] Chairman Tomiichi Murayama was formed, supported by an historic alliance between the SDPJ and its longtime arch rival, the LDP. Will the coalition era last long? The SDPJ has already begun to shift its basic policies. What will be the primary motivational factor of Japanese politicians from now on? How will each political party manage to survive under the new electoral system of single-seat constituencies? MAINICHI SHIMBUN invited two leaders from the ruling coalition: LDP Secretary General Yoshiro Mori, and SDPJ Secretary General Wataru Kubo, and two from the non-communist opposition: Deputy Secretary General of Shinseito Kozo Watanabe, and Komeito Secretary General Yuichi Ichikawa, and asked them to review the past year and exchange their views.

[Matsuda] Please sum up the first year of the coalition era.

[Mori] We will indeed rush into a coalition era, once the new electoral system of single constituencies combined with proportional representation is introduced, because it will become much more difficult for any political party to take power single-handedly. I do not think those who participated in the coalition government led by Prime Minister Morihiro Hosokawa had pure motives. Last year, many members seceded from the LDP. It was said they did so because they were not satisfied with the way the LDP had been dealing with political reform, but this was not true. These defectors had other reasons for doing so. They formed an "anti-LDP force" to justify their act. During the past year, politicians have been automatically classified into two categories: "Reformists" and "anti-reformists." This has fostered bad blood among politicians, because the classification is unreasonable. The past year has been a year of hate. But, Japan has now moved toward a coalition era in the true sense of the word, as the LDP and SDPJ agreed to form a new coalition, forgetting the past. [Kubo] The formation of a coalition government meant political reform. The coalition government led by Prime Minister Hosokawa did a great job in enacting political reform legislation. At the same time, the eight coalition partners experienced the difficulty of running a coalition government. Although mutual understanding and concessions were indispensable to maintain the alliance, the eight coalition partners were not completely accustomed to acting in concert with one another. It was regrettable that after the resignation of Prime Minister Hosokawa, some misunderstandings between the SDPJ and the other seven partners led to the formation of a minority government led by Prime Minister Tsutomu Hata. As the SDPJ was also responsible for formation of the minority Hata government, it tried to reach a policy agreement with the Hata-led coalition to rebuild the former alliance. Despite such efforts, the result was that an unexpected alliance was formed between the SDPJ and LDP.

LDP President Yohei Kono said: "Let us go back to the starting point of parliamentary democracy." Sakigake leader Masayoshi Takemura called for the formation of a "dovish and democratic government," while SDPJ Chairman Tomiichi Murayama advocated the formation of a "government for the defense of the pacifist constitution and democracy." A basic agreement was first reached between the three leaders. Later, the LDP approved the policy framework that was prepared by the SDPJ and Sakigake. SDPJ Chairman Murayama was elected Prime Minister before the three partners could reach a policy agreement, but this was an inevitable process under the coalition era.

[Watanabe] Under the coalition government led by Prime Minister Hosokawa, the coalition partners had a common goal, namely the implementation of political reform. The uniting force was lost right after the Diet passed the package of political reform bills. Then, it became indispensable for the coalition partners to reach agreement on ideals and policies. I regret that I did not take a conciliatory attitude during policy discussions with the representatives of other coalition parties. But now, when I see Mr. Kubo making concessions to the LDP without hesitation, I also regret the SDPJ did not make any concessions during policy negotiations with the Hata-led coalition.

When the LDP nominated a Socialist leader as the joint LDP-SDPJ-Sakigake candidate for premiership, the SDPJ was unable to resist the move. A Socialist-led Cabinet was formed in an instant. I am happy to know the SDPJ is now revising its attitude without hesitation, but I also wonder if it is reasonable for it to change its basic policies so easily and hastily. The government should dissolve the lower house for a snap election so voters' opinions are reflected in politics. Japan needs full-scale reform to abolish the so-called 1955 political setup. It also needs two political forces that are able to come to power in turn under the new electoral system.

[Ichikawa] The inauguration of the Hosokawa government was an epoch-making event in Japan's postwar history. The best way to prevent corruption is to facilitate the full transfer of power. The previous coalition buckled down to the task of implementing political reform in the hope of creating a new political force capable of challenging the LDP, because the best anti-corruption measure is to facilitate the change of power. It did not have the slightest intention of wrecking the LDP. Its primary motive was to carry out reform by modifying the structure that bred corruption among politicians, bureaucrats, and business leaders. Komeito wanted to remain in power one or two more years, along with the SDPJ, in order to accomplish political reform. It is doubtful whether the LDP-SDPJ-Sakigake alliance will promote reform.

I also welcome the drastic change in the SDPJ's platform. But, I regret this policy shift did not happen when we formed a non-LDP government. It is also questionable that Prime Minister Murayama announced the change before bringing up the matter for discussion within his party. The SDPJ changed its policy immediately after its chairman was elected prime minister. When a party tries to change its traditional policy, party members are generally put in a dilemma. But this time, it seems SDPJ members had no time to become distressed, because the policy shift was decided so abruptly.

[Matsuda] It is true the SDPJ's policy shift was all too sudden.

[Kubo] Under the so-called 1955 political setup, the LDP was the eternal ruling party, while the SDPJ was the eternal opposition party. The SDPJ did not make enough efforts to come to power. It thought the ideal way of a nongovernment party was to square its policy platform with its ideology. But in 1993, after it announced its new policy draft, it began self-reform, with an eye on rising to power. Since then, heavy debates have been held within the party. I myself was engaged in a long battle of words. But, before it could accomplish self-reformation, the SDPJ was confronted with an unexpected situation, namely the nomination of Chairman Murayama as prime minister. The SDPJ was put in a difficult situation. In a word, it was forced to put an end to its meaningless policy debate. The SDPJ courageously decided to change its policy platform under such circumstances. But, it has no intention of abandoning the spirit underlying the party's formation, which is to respect the spirit of the pacifist constitution and to consider abandonment of arms as the ultimate goal of mankind. Now, the SDPJ thinks it should gradually try to reach this goal without ignoring reality.

[Ichikawa] It would have been more acceptable if Mr. Kubo had been elected prime minister and if the SDPJ had changed its policy under his leadership, because Mr. Kubo has a similar view to ours. It is very strange that the SDPJ's political stance was reversed by Mr. Murayama, who belongs to the party's left wing. I thought opposing the Japan-U.S. Security Treaty and protecting the pacifist constitution were the two ideals of the SDPJ? I do not understand why Mr. Murayama abandoned these doctrines right after he became prime minister.

[Watanabe] Prime Minister Murayama's Diet remarks bid farewell to the SDPJ's long-standing platform and old ideals. The LDP and SDPJ agreed to form a new coalition government, because both parties wanted to sit back in the ruling seat. If they want to remain in power, the SDPJ must undergo a complete change, while the LDP should cease being a responsible party that sometimes takes strict measures. This is exactly what is happening now, and this is why I think the Murayama government may last longer than expected.

[Ichikawa] Prime Minister Murayama said the SDPJ's long- standing defense policy of unarmed neutrality had played out its role with the end of the Cold War. To me, this argument seems unreasonable. On the contrary, the SDPJ should emphasize its unarmed policy because the Cold War has ended.

[Watanabe] The LDP and SDPJ, which remained antagonistic toward each other for almost four decades, decided to join hands to form a new government. This reminds me of the alliance formed by the Democratic Party and Seiyu Kai to support Imperial rule, just before the Pacific War.

[Mori] It seems Mr. Ichikawa and Mr. Watanabe are just lamenting their hard lot. I am sorry to say, you are bad losers. You are just repeating the word "reform," but what does it mean exactly? Your reform is a mere show. You said Prime Minister Murayama suddenly decided to abandon the SDPJ's long-standing policy, but this is not true. He made the decision after thinking it over and over again; that is "reform" in the true sense of the word. The question is: How can the will of the people be reflected in politics? In the last general election, the LDP received the people's mandate as the largest parliamentary force. It is not correct to form a coalition government excluding the largest single party.

It was very important to form a stable government. It was only natural for the largest and second-largest parties to join hands for stabilization of the political situation. Moreover, the SDPJ also decided to shift its policy; that is political reform in the true sense of the word.

[Matsuda] Did you expect the SDPJ to change its platform so drastically?

[Mori] The SDPJ did not indicate it was ready to drastically change its policy during talks held before the inauguration of the Murayama government. There is no need to think meanly of the 1955 political setup. Both the LDP and SDPJ played a decisive role in Japan's postwar politics, by remaining antagonistic to each other, but making mutual concessions from time to time. Under the slogan of impartiality, the SDPJ called for measures that champion the weak against the strong. It played an important part in building a welfare state. Moreover, Japan's military strength did not grow to a dangerous level thanks to the SDPJ, which always respected the spirit of the pacifist constitution. Japan could maintain its defense capability at a minimum level.

[Kubo] The coalition era is an era of drastic change. What politicians will have to do is to show that parties are able to cope with the changing era and the trend of the times. The SDPJ's ultimate policy goal is now disarmament. Once disarmament is promoted, the spirit of the pacifist constitution will be materialized in the end. It is really meaningless to continue discussing whether the Self-Defense Forces are constitutional or unconstitutional.

The SDPJ joined hands with the LDP, but the SDPJ will be never absorbed by the LDP. The LDP has also really changed—how else could its members vote for a Socialist leader?

[Ichikawa] Mr. Mori said both the LDP and SDPJ played a decisive role in Japan's postwar politics, but this is not correct. For instance, Japan's triple nonnuclear principle: Not to make, possess, or bring in nuclear weapons, was also applied to Okinawa after its restoration, because Komeito spoke out loud about it during the plenary session of the Diet in 1972. During the Gulf War, the SDPJ did not support the government's plan to provide 9 billion yen to the allied forces as financial assistance. The SDPJ also opposed the so-called PKO [Peacekeeping Operations] Law. The SDPJ did not originally advocate disarmament. So, it cannot find its new ideal in disarmament. Meanwhile, the LDP burned with revengeful thought after it was ousted from power. This is why it decided to join hands with its arch rival in a bid to return to power. This is very dangerous.

[Mori] Political reform does not specifically mean the destruction of the 1955 political setup. The formation of a new government by a renewed LDP and a renewed SDPJ, and the implementation of new policies are the results of political reform.

[Matsuda] Do you think the coalition era will last long?

[Ichikawa] Yes, the coalition era will last for some time, but the marriage of convenience between the LDP and SDPJ is a relapse into the 1955 political setup. In the past, Japan's economy was supported by the following three principles: Export for export's sake, efficiency for efficiency's sake, and working hard without thinking of making a profit. But now, trade friction between Japan and other countries is questioned. Japanese people expect the implementation of drastic reform aimed at improving their living standards and easing friction between Japan and other countries.

[Matsuda] What about the possibility of forming a new party to oppose the tripartite government led by Prime Minister Murayama?

[Ichikawa] We should form a new political force to counter the governing alliance of self-interested parties.

[Matsuda] Will Komeito participate in the formation of a new party?

[Ichikawa] Yes, Komeito will support the formation of a new party. Political parties are now free to form any kind of alliance. Whatever alliance may emerge, people will not be surprised because they have already seen the unexpected alliance between the LDP and SDPJ. "What kind of policies should Japan implement from now on?" "What should politicians do for the sake of the public?" These questions are now crucial. Forming an alliance to secure politics by number is no longer essential. The ability of each politician is now put into question. If we can clearly show the public what we can do, the formation a new political force to counter the ruling coalition will become possible.

MITI Helps Smaller Firms Move Overseas

OW1908075294 Tokyo KYODO in English 0659 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—Smaller Japanese firms, hit by the yen's sharp gain against the U.S. dollar recently, are increasingly applying to the trade ministry for soft loans to restructure and shift production bases overseas, ministry officials said Friday [19 August].

The number of applicants to the program, launched by the Ministry of International Trade and Industry (MITI) in November, is rapidly rising and a total of 653 cases had been approved as of late July, the officials said.

Under the program, smaller companies are able to get loans with an annual interest rate of 3.85 percent to carry out restructuring programs due to reduced competitiveness resulting from the stronger yen.

The officials said the number of applicants approved grew at a pace of 140 to 150 cases in June and July, compared with about 100 cases in March.

Of the firms approved, by prefecture, Tokyo had the greatest number with 107, followed by 93 in Osaka, 78 in Ishikawa and 72 in Aichi, they said.

"Taking advantage of the low-interest loans, smaller companies, mainly in printing, software and information processing industries, plan to enter new fields and transplant overseas to offset the adverse effects of the yen's advance," a MITI official said.

'Restrictive' Business Practices Abolished

OW1908084094 Tokyo KYODO in English 0747 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 KYODO—The automobile industry and three other industrial sectors have ended what may be viewed as restrictive business practices, the Fair Trade Commission (FTC) said in a survey Friday [19 August].

The survey on auto manufacturing, sheet glass, paper and auto parts industries was conducted to evaluate efforts of these sectors to eliminate problems cited in an FTC report released in June last year.

The original report itemized various business practices that do not directly constitute violation of the Antimonopoly Law but leave room for improvement from the viewpoint of free competition.

The four industrial sectors were found to have shown a "sincere response" in the past year, FTC officials said.

In last year's report, nine automakers were criticized for their practice of forcing dealers to buy particular models of cars designated by the makers.

In the follow-up survey, the FTC said the automakers have ended such a practice.

The commission also said certain rebates by car manufacturers that the FTC thinks may impede competition were eliminated in the past year.

On problems involving the sheet glass industry, the FTC said glass makers gave assurances that buying targets shown to wholesalers are not binding.

Glass makers also told wholesalers in writing that they have complete discretion in handling products manufactured by rival makers, the follow-up survey said.

On the paper-pulp industry, the FTC pointed out in last year's report that some makers and wholesalers engaged in "after-sale discounts," a practice intended to cope with unexpected price fluctuations after the deal.

Major paper manufacturers have not had business transactions with wholesalers under such a pricing method since April this year, the survey said.

Outstanding Low-Interest Bank Loans Hit Record

OW1908003794 Tokyo KYODO in English 2330 GMT 18 Aug 94

[Text] Tokyo, Aug. 19 KYODO—The outstanding balance of bank loans carrying an interest rate below the short-term prime rate hit a record portion of 25.6 percent of total outstanding loans in June, a major business daily reported Friday.

The NIHON KEIZAI SHIMBUN said the development reflects sluggish corporate demand for cash, making it difficult for banks to extend loans even at the short-term prime rate.

The short-term prime rate is a fee charged on loans of up to one year to a bank's most creditworthy customers. It now stands at 3 percent per annum.

The outstanding balance of loans extended by the nation's 11 major banks stood at 239.9 trillion yen at the end of June, of which 61.3 trillion yen were those with an interest rate below the short-term prime rate, the daily said.

The balance of such low-interest loans was up about 8 percent or 4.4 trillion yen from a year earlier, although the balance of total loans shrank by nearly 2.5 trillion yen, it said.

MITI Urges Reform of Bond Settlement System

942A0460A Tokyo KINYU ZAISEI JIJO in Japanese 20 Jun 94 pp 14-18

[Article by Nobuyori Kodaira, Industrial Policy Bureau, MITI: "Corporate Settlement System Must Be Improved for Settlement of Funds and Securities To Be Concurrent"]

[Text] *In the latter part of May, the Industrial Finance Subcommittee of the Industrial Finance Department of the Industrial Structure Council, which is an advisory body to the Minister of MITI [Ministry of International Trade and Industry], issued an interim report on making the acquisition of capital more efficient for industry. The subcommittee issued a report on financing issues from an industry standpoint about three years ago, prior to reform of the financial system. The current report presents an examination based on the drastic changes to the economic environment that have followed its earlier report. The subcommittee held its first meeting December 1993 and subsequently focused its examination through two subcommittees, one on the efficacy of capital acquisition by* *companies and the other on new lines of business. The author will discuss the substance of the interim report, mixing in a few personal opinions.*

A Basic Understanding

In looking at the current economic situation of various countries, we find the U.S. economy expanding vigorously, and not only the recovery of already existing industries such as symbolized by the automotive industry, new industries that are anticipated to carry their economy into the 21st century are also developing vigorously. The recovery and development of its industrial vitality is remarkable. Meanwhile, in Asian nations including China, manufacturing business is making rapid progress due to advancement of Japanese companies into the area.

While this, Japan's economy continues to be stagnant over the long-term, and the outlook for the future remains unclear. In particular, many of the important industries that sustained the development of Japan's postwar economy face unprecedented difficult circumstances because of the high yen and the restructuring of foreign and domestic economies. As a result, many of them are transferring their production facilities into overseas. In order for Japan to maintain economically vigorous and affluent lifestyle for the society in the 21st century and to guarantee and create employment opportunities for its people, Japan must maintain its basic industry animated.

Although various industries in Japan are now reviewing their areas of business and are adopting a variety of strategies to effect structural reforms and management efficiencies such as reorganization, improved capital acquisition, and the rationalization of personnel, the key issue to emerge is the acquisition of capital. Furthermore, for the growth of Japan's industrial sector, it will be extremely important that prosperous businessmen having the frontier spirit to aggressively challenge unknown fields to give rise to new businesses and to foster the development of new industries and that it will be necessary for these businessmen to have an efficient and smooth supply of capital. Such start up activity would lift the dynamism of Japan's industrial sector as a whole to new heights.

Although it is natural to adopt the optimum measure to foster Japan's unique qualities and strengths regarding the efficient acquisition of capital by companies and the fostering of new businesses, given the major trends in the economy as a whole, one is led to conclude that expanding further the financial and capital market, to improve the market function by the promotion of competition through deregulation should be more important.

Efficient Acquisition of Capital

Changes in the Environment Surrounding Industrial Financing

One point in planning for more efficient financial and capital markets is how their basic functions of risk-taking and risk-dispersion can be effectively managed. Heretofore, we have been led to conclude from the Japan's high economic growth that business risk was reduced by means of expanding the economic scope, and, furthermore, that the handling of risk was relatively easy. However, because the risks involved in the transfer of capital have changed qualitatively as well as increasing with the shift from a high growth economy to one with a low growth rate, it will be necessary to seek means to more efficient risk taking for Japan's economic polity to review and then to expand and diversify risk, which up until this point have existed chiefly in the form of indirect financing.

The Basic Solution

Although capital markets perform the function of direct risk taking by investors in response to the quantity of holdings and the commercialization of stocks through interest rates that appropriately reflect risk, there are many who indicate that in Japan's capital markets this function is not necessarily functioning sufficiently. In order to address this situation, we must push forward with improvements in the financial environment to foster capital markets that can exhibit more the function of spreading risk through broad-based deregulation founded on philosophically free market principles.

Specifically, it will be important to promote a multiplicity of commercial options in order to effect improvements in the means of generating capital for industry. For example, regarding commercial paper, it will be necessary to diversify in time of maturity for easing the terms of eligibility for SPC's (companies whose special objective is to raise capital) to underwrite commercial paper, in addition to the introduction of commercial paper guaranteed by parent companies. As for corporate bonds, it will also be necessary to examine the liquidity of assets, such as asset-backed securities and the completeness of disclosure information, and to give consideration to where the needs are for underwriting as well as to diversifying in the means for raising capital by introducing medium-term notes at an early stage.

Meanwhile, it will be indispensable to shift to something totally on principles of self-responsibility of investors that has as a prerequisite complete disclosure of information and guarantees of a code of conduct as a means for protecting investors, rather than regulations, in order to get on with deregulation and to make improvements in capital markets, the fundamental market mechanism.

Expectations for Indirect Financing

It goes without saying that the development of the Japanese economy to this point, financially speaking, was due in extremely large measure to the effective role played by financial institutions who make indirect investments using portfolios. We must in the future seek the most effective combination of direct and indirect financing based on Japan's unique characteristics. Further, we can expect that even with the implementation of more efficient methods of acquiring capital through direct financing, indirect financing will play an important role in meeting the financing needs of companies through diversification and increased efficiency in services.

We can look forward to the issue of nonperforming assets being dealt with as soon as possible, making as a prerequisite self-help efforts by financial institutions through the flexible response of financial institutions who do indirect financing when the demand for financing swells. Furthermore, in order to respond to changes in the economic structure, chiefly the softening of the economy, indirect financial institutions can be expected to make efforts to increase their ability to examine business in ways which accurately grasp their substance and growth potential without making too much of substantive guarantees in credit reviews and to provide more appropriate financing to businesses and companies.

Corporate Disclosure of Information

The prerequisite for establishing capital markets which function more smoothly as market mechanisms and in which investors make investments based on the principle of self-responsibility is to provide accurate disclosure of information on companies. Furthermore, although in the future we can expect to see an improvement in the check function performed by these market mechanisms on company operations, which will reflect the cost of acquiring capital based on the operational details of companies and which therefore will promote more efficient operations, thus adding to the importance of information disclosure.

Although in recent years the disclosure of information through the Securities and Exchange Law has been rapidly implemented, in response to investors who will be led to expect greater progress in the future, and with regard to general investors such as individual investors and specialists among institutional investors, it will be necessary to examine the substance and means for disclosure while paying heed to opportunities for equal access to information through the proper disclosure of important information. For institutional investors, it will be necessary to constantly review the status of information disclosure under the Securities and Exchange Law such that neither too much nor too little truly necessary information is disclosed to specialists.

Furthermore, it will be necessary for companies should voluntary disclose information regarding their business results and future operational direction, not adhering to the scope of disclosure made compulsory by the Securities and Exchange Law, as part of their investor relations, while paying heed to the impartiality of the information provided to investors.

Moreover, to facilitate the procurement of financing by companies, we can expect a shortening of the public disclosure period in the Commercial Code regarding new stock issues, an increase in flexibility in the period up to the effective issuance of negotiable bond letters of intent in those cases where one cannot make use of the underwriting registry system, and the deregulation of underwriting standards for corporate bonds and stocks.

Organizing and Cultivating the Corporate Bond Exchange Market

The annual turnover ratio of Japan's current corporate bond exchange market, we see that in contrast to the United States where bonds are traded on the average more than twice a year, the ratio in Japan does not exceed 0.3 times, indicating that the infrastructure of Japan's corporate bond market lags behind the U.S. corporate bond market strikingly.

Should the liquidity of corporate bonds be increased, with the formation of rational underwriting terms that would be facilitated, newly issued bonds will be smoothly assimilated. This would increase the availability of financing for companies. Furthermore, companies with strong credit ratings in particular can expect reductions in the cost of capital acquisition through underwriting terms that reflect credit risk. Moreover, should corporate bond exchange markets that form a part of the financial and capital markets continue to stagnate, Japan's financial and capital markets would lose international competitiveness and market efficiency would be lost, with a resultant negative effect on corporate capital acquisition costs.

Creating and fostering a corporate bond exchange market demands the strengthening of underwriting itself to fully pay heed to guarantees of liquidity in corporate bonds. It will be necessary substantively to establish underwriting terms which accurately reflect market realities in terms of yields of indexed corporate and government bonds. Furthermore, it will be necessary to prevent the emergence of an odd-lot bond by regulating the number of members in an underwriting group as well focusing as much as possible on individual issues in order to guarantee the liquidity of corporate bonds. Moreover, regarding the composition of underwriting groups, we can hope for special concern toward willful business middlemen in the market business.

There is another important issue regarding the bond settlement system. Although a corporate bond settlement system has the basic infrastructure of a corporate bond exchange market, in addition to inefficient transactions caused by the existence of certificate registry for settlement, the current system in not guaranteeing simultaneous settlement of certificates and payment has not eliminated settlement risk and is viewed internationally as outmoded. Despite examinations over a period of years, improvement of the settlement system has not been translated into actual practice to the steadily increasing dissatisfaction of underwriters. It is necessary to make improvements in the system without delay so as to realize simultaneous settlement of certificates and funds and to expedite settlement involving corporate bond transactions. It is necessary to base the system on de facto international standards, cost effectiveness, ease of participation in the system, efficiency, stability, and convenience for users.

In future examinations, market participants, without being wedded to self-interests, will need to make the maximum effort to select and implement quickly a combination of strategies from among those now being put forward for improving the system. As in the case where adequate time was needed for participants to adjust to the new interest rate system, one would hope that we could expect to see a consensus among market participants of a base plan to guarantee neutrality in addition to the establishment of a definite schedule from the standpoint that construction of a settlement system for corporate bonds for Japan is necessary without delay.

Cultivating New Businesses

Cultivating new businesses is the major key to the future development of Japanese industry. Although it is appropriate that we be more aggressive in dealing with the development of more substantial business seeds in research and development in both the private and public sectors, at present the development of these seeds into businesses is not going forward at all. When we know that there are growing numbers of people who have left their companies in the midst of restructuring efforts and who are trying to start new businesses, we must speed up preparation for the business environment, including financing and personnel standpoints, in order to develop these new businesses.

Governmental Support

Systems of governmental support focused on financing for businesses in the start up and development stages already exist. They provide many types of low interest financing and supplemental funding, chiefly financing through the New Business Investment Stock Company and the Small Business Investment Co. and debt guarantees through the Industrial Base Maintenance Found and the Venture Enterprise Cente (VEC). However, a survey conducted during the examination by the subcommittee of businessmen who have actually received assistance found that the degree of knowledge of each system by those targeted for aid is low; that depending on the system the procedures are complicated with considerable time required for the examination; and that, moreover, in addition to clearing examination hurdles and procedures, which add to the time and cost, there are few advantages to direct aid including interest rates or the amount of financing.

Consequently, it will be important to effect improvements without delay in the current systems to make them efficient and effective and in parallel to expand and enrich them. As a strategy for improving the investment aspect, it will be necessary to strengthen the examination staff in the VEC with persons experienced in successful venture businesses and with specialists in technological fields covering a broad scope, as well as to improve procedures and examinations and increase the circulation and promotion of information about the system. Moreover, it will be necessary to carry out a radical strengthening of collaboration among the systems, to advance networking among the assistance organizations, and, furthermore, to examine the potential for unification and collaboration in examinations by the systems.

The Application of Private Financing Provided Through Public Over-the-Counter Markets

Looking at the United States where there exist many opportunities in capital markets for the acquisition of financing by venture businesses and where new businesses emerge right and left without having full surety strength or credit worthiness and which face the difficulty of new businesses in general of guaranteeing stable income, we can anticipate that in Japan, too, capital markets will become efficient avenues for capital acquisition by venture companies. The NASDAQ [National Association of Securities Dealers Automated Quotations] in the United States is a vigorous market which actively transacts in stocks in companies in growth areas such as computers, information, communications, and biotechnology.

However, according to a survey conducted during this examination of Japan's over-the-counter market, the period from the founding of a company to an over-the-counter listing, which has been limited to comparatively new companies since 1965, has averaged about 17 years, a comparatively long time in contrast to the United States where the comparable period is about five years. Of course, although we cannot really compare Japan's over-the-counter market to the one in the United States, two reasons for the differences between them are: 1) differences in thinking regarding the protection of investors and 2) standards for over-the-counter listings. These differences point to the severity as well as the ambiguity of our so-called quality standards.

In order for companies in their start up and development phases to be able to participate in the over-the-counter market, we must review our approach to investor guarantees from a long-term point of view. Furthermore, in addition to making our current standards for over-the-counter listings, in particular the quality standards, clearer and more quantitative, it will be fundamentally necessary to freely make them public regarding companies for whom they are clearly applicable and to improve in the way in which these standards are promulgated once the procedures have been established. Furthermore, venture companies should look into taking advantage of the system we have for fostering regional industries to list on our regional stock exchanges in industries with unique regional characteristics and that look for superior performing stocks.

Furthermore, while there are numerous institutional investors and businessmen who are willing to invest in domestic venture businesses in Japan, information on venture businesses does not readily circulate. Therefore, we must establish a new investment system by first setting up an information network which can provide potential investors with necessary information.

On the other hand, one can point to various problem areas for businessmen who will be starting companies. In trying to achieve the acquisition of financing from capital markets, companies will need to carefully prepare the disclosure of information from the viewpoint of a business start up as well as vigorously implementing their business plans that exhibit a clear vision of the company.

Bolstering Venture Capital

During the fitful development of businesses at their inception, venture capital will be extremely important in playing the role of providing integrated start up aid by offering specialized knowledge of management know-how and various types of information to include marketing as well as by supplying funding. If we look at Japan's venture capital situation, we find that not only are the majority of venture capital companies biased toward financing over business content, there is also the issue of their focusing on providing financing in the later stages.

We can expect venture capital in the future to establish productive new industrial areas through establishment of fund targeted against special fields together with truly greater efforts directed at the expansion of financial infrastructure. Furthermore, specialist staffs for venture capital companies will be needed for the development of particular markets and the management of financial affairs of businesses which are especially vulnerable in the start up and development phases. It will also be important to nurture venture capitalists having specialized knowledge in order to develop vanguard industries.

Other Strategies for the Smooth Introduction of Private Financing

In order to take advantage of the function of risk spreading possessed by investment trusts in the acquisition of financing for new businesses, it will be necessary to make full disclosure of investment details together with relaxing various regulations that restrict investment credit marketability. Furthermore, investment firms are potent measures for promoting fruitful investment activities with limited risk for investors in addition to actively investing in new businesses prior to their becoming public. To accomplish this, it will be necessary to conduct examinations into improving the system, including the legal aspects. Moreover, we ought to examine the relaxation of investment standards for pension funds to allow them to invest a set percentage of their funds in new business fields, while giving due consideration to their requirement for stable investments.

North Korea

UN Secretary-General's Talks Statement Reported

SK1908043894 Pyongyang KCNA in English 0412 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—Secretary general of the United Nations Butrus Butrus-Ghali released a statement on August 15, supporting the agreed statement between the Democratic People's Republic of Korea and the United States.

The statement welcomed an agreement reached on some matters at the third round of the DPRK-U.S. talks in Geneva.

It expressed support to the agreed statement containing normalization of political and economic relations between the DPRK and the United States.

It expressed the hope that greater progress will be made at the DPRK-U.S. talks slated for September 23.

It said the international community hails efforts to defuse tension on the Korean peninsula and resolve through negotiations view rifts threatening regional security.

Romania Praises Results of Geneva Talks

SK1908042794 Pyongyang KCNA in English 0410 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The Foreign Ministry of Romania published a press release at the weekly news conference on August 17 hailing the results of the third round of the talks between the Democratic People's Republic of Korea and the United States, ROMPRES reported.

The Foreign Ministry salutes the willingness of North Korea [to] return to the Nuclear Non-Proliferation Treaty and implement its safeguards agreement under the treaty, establish diplomatic representation with the United States and carry into effect the joint declaration on the denuclearization of the Korean peninsula.

"We hope for the keeping up of this positive process by new steps to lead to mutually acceptable solution for the parties," said the release in conclusion.

Nation's Opinion of Kim Yong-sam Discussed

SK1808233294 Pyongyang KCNA in English 2243 GMT 18 Aug 94

["The Nation Will No Longer Regard Kim Yong-sam, the Fascist Hooligan, as a Fellow Countryman: C.C., North Side Headquarters of Pomminnyon"—KCNA headline]

[Text] Pyongyang, August 18 (KCNA)—The Central Committee of the North side headquarters of the

National Alliance for the Country's Reunification (Pomminnyon) in a statement today denouncing the South Korean fascist maniacs for their brutal suppression of the Seoul Pan-National Rally [PNR] declares that the nation including the South Korean people will no longer regard Kim Yong-sam, the fascist hooligan who is trampling upon the desire and will of the fellow countrymen for reunification with violence, as a fellow countryman and human being and no one will deal with him.

The brutal suppression of the Seoul PNR by the South Korean fascist maniacs marked an important occasion exposing to the whole nation and human conscience the fascist and anti-national nature of the Kim Yong-sam group wearing the "civilian" mask, the statement says, and continues:

The PNR is a festival and a peaceful rally of the civilians for the unity of the nation and the country's reunification.

But the Kim Yong-sam clique defined the rally as an "illegal rally" by invoking the notorious "National Security Law" (NSL) from the beginning, arrested by surprise Yi Chang-bok and Hwang In-song, the organisers of the rally, and bestially cracked down upon all the preparations for the rally at the point of the bayonet.

This itself was a unpardonable illegal act and violation of human rights.

It must be noted that Kim Yong-sam, who had once cried for "democracy", styling himself a South Korean opposition party man, committed this illegal suppression by directly invoking "government" power and by wielding the "NSL" the abolition of which he had demanded.

As is well known, the Kim Yong-sam fascist clique, in an attempt to frustrate the 5th Pan-National Rally in Seoul, mobilised a total of 100,000 combat police in a bloody suppression of the ralliers here and there.

At Seoul National University where the PNR opened, more than 10,000 combat police raided the place of the rally with teargas- launching vehicles, walked off over 2,500 ralliers and inflicted wounds, heavy or light, on some 200 students and personages.

At the time of the closing ceremony of the rally, the Kim Yong- sam fascist clique mobilised 10,000 combat police and even five helicopters, which sprayed four tons of tear powder in an hour in a pincer attack on the defenceless ralliers on the ground and from the sky. In this beastly atrocity, thousands of people were wounded at a time and many others suffocated.

This is the "civilian politics" and "democracy" advertised by the Kim Yong-sam clique.

Nevertheless, the Kim Yong-sam group like a burglar sounding a burglar's alarm is threatening that it will ferret out all those who committed "violence" during the PNR, crying for defence of "democracy".

The fascist fanatics are extensively hunting the participants in the PNR and throwing students and people behind bars indiscriminately in Seoul, Pusan, Taegu, Kwangju and all other parts of South Korea.

The North side headquarters of Pomminnyon bitterly denounces in the name of the whole nation the thrice-cursed crimes of the Kim Yong-sam group in its bloody fascist suppression of the South Korean students and people, a challenge to the 5th PNR, branding it as the last-ditch effort of the "civilian" fascists and a heinous criminal act of the traitors to the nation with whom our nation cannot live under the same sky.

The fascist outrages of the Kim Yong-sam group is symptoms of doomed mortals.

In the past one year and a half, the "civilian" mask has been thrown away and the fiction of "reform" has been stripped bare in South Korea.

Ignorant of politics and destitute of philosophy, the Kim Yong- sam group has propped up its power by suppressing the people in reliance upon fascist dictatorship within and committing treacheries by following outside forces without.

Worse still, when the whole world was expressing condolences in grief over the misfortune of our nation recently, they did not observe the etiquette as the same nation but approached this misfortune with provocative "emergency alert order" and "A-class emergency order," thus inviting the criticism and condemnation from the world people as brutes inferior to the dog.

It goes without saying that such wretches can never have a future.

It was a bluff of those with the premonition of destruction and a wriggle of those at the doorstep of death that the Kim Yong-sam group bit at fellow countrymen and cracked down upon people indiscriminately.

The doom of the fascist dictators in South Korea was always miserable.

The successive dictators of South Korea were toppled by the people demanding democracy, while suppressing democracy, and were thrown into their graves by the people wanting reunification, while opposing reunification. The doom of the Kim Yong-sam group opposed to democracy and reunification can never be otherwise. It is a foregone conclusion that Kim Yong-sam, the fascist maniac, who is prolonging his days in reliance upon such fascist law as the "NSL" can never evade the path to his grave with this law.

The Kim Yong-sam group must be overthrown without delay and the "NSL" be scrapped immediately in South Korea.

And all the students and personages of various circles who have been arrested on the unreasonable charge of participation in the PNR must be released unconditionally and the repression of the patriotic movement of the people for independence, democracy and reunification be stopped without delay.

Commentary Rejects Kim Yong-sam's Speech

SK1808143094 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 18 Aug 94

[Commentary by Yun Pyong-son: "That Which Will Be Given to the Traitor Is Death"]

[Text] There is a saying: Nothing is worth listening to even when the crow caws a dozen times. This is applicable to the so-called commemorative address traitor Kim Yong-sam delivered at the meeting to mark the 49th anniversary of national liberation.

In the address, puppet Kim Yong-sam staged publicity about the civilian politics, reform, and openness he claimed were implemented after he assumed power and raved that some framework of democracy was established in South Korea. This is a shameless distortion of the reality in South Korea and an embellishment of the traitorous nation-selling acts he committed.

There are many data proving this. If civilian politics, reform, and openness were implemented, as Kim Yong-sam claims, there should be some change in sight. However, there is nothing different from that of the Fifth and Sixth Republics. The military fascist rule that suppressed the people still continues. The fascist evil laws, such as the National Security Law, and the fascist suppressive forces, such as the Agency for National Security Planning, the Defense Security Command, the prosecutors' office, and the police, continue to be maintained.

The suppression of the people has been stepped up even more. They exercise the emergency right to trample labor sites where the workers demand the right to exist; to arrest youths, students, and patriotic figures; and to brand legitimate democratic organizations, such as the Korean Federation of University Student Councils, as left-leaning and pro-communist forces; thus, turning university campuses into ruins.

This is the fascist frenzy committed under the present regime that advocates civilian politics.

South Korea has literally been turned into a tomb of democracy, and the Kim Yong-sam regime is an extraordinary fascist dictatorial regime dominating this tomb. One can well understand why the United States called on South Korea to revise or abolish the National Security Law and why Amnesty International repeatedly expressed concern over the human rights situation in South Korea.

Althogh traitor Kim Yong-sam raves about democracy, reform, and openness, it is shameless sophistry designed to hide his crime and deceive the people.

In the so-called commemorative address, the puppet traitor raved about the issue of reunification and the issue of North-South relations. This is preposterous. At a time when the entire nation is vigorously advancing with an objective of achieving reunification in the nineties, he delayed the timing of reunification, babbling about a step-by-step and gradual approach.

Moreover, he raved that reunification must be achieved based on liberal democracy, thus openly revealing his ambition for reunification by winning over communism, aimed at extending to the North the colonial subjugation system, the fascist dictatorial system established in South Korea.

This is a vicious challenge to the aspiration of the same fellow countrymen, who call for reunification through a confederal system. The puppet clique babbled as if there were talks regarding reunification, talking about the so-called implementation of an agreement and a joint declaration of cooperation, aid, and dialogue. How can we believe, however, that they—who conducted the Team Spirit nuclear war exercise under the pretext of our nonexistent nuclear issue and returned the situation to the original state of confrontation before the adoption of the agreement, pursuing sanctions—intend to improve North-South relations? How can we say that the barbarians—who arrested a group of people who expressed their condolences over the same fellow countrymen's unhappy event, suppressed the pannational rally for national reconciliation and unity with a three [number as heard] dimensional operation on land and in the sky, and arrested thousands of figures—have a will to achieve reunification?

The puppet clique has no will to achieve reunification. This has been clearly shown in the so-called commemorative speech, which raised the issue of our nonexistent human rights problems and the nuclear issue. The puppet Kim Yong-sam clique delivered a long-winded speech that day, but this is nothing but a last revilement of the figure, who has no future because of his isolation and rejection [korip, paekyok] from home and abroad.

The South Korean people, who are disillusioned with his antinational and antireunification criminal acts, are now branding Kim Yong-sam as a brutal devil with whom they cannot live on the same land and as a barbarian who is less than an animal and, also, one whom they intend to resolutely punish in the name of the nation.

Even the opposition parties and dissident figures have called on Kim Yong-sam to resign from his post of power, saying that the present government's limitation has been disclosed. There is only a miserable death that will be given to the traitor of the nation. The Kim Yong-sam clique will surely face the stern judgment of the people because of their criminal acts against the country, as well as the nation.

Kim Yong-sam Group's 'Smear Campaign' Viewed

SK1908045494 Pyongyang KCNA in English 0446 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—NODONG SINMUN today denounces the Kim Yong-sam group for conducting a smear campaign on "human rights problem of the North" and "bringing complaints" against it, while describing the defectors to the North as persons "kidnapped by the North" and "being in detention."

The news analyst says:

After failing in its attempt to isolate and stifle the North over groundless "nuclear suspicion" Kim Yong-sam raised the "human rights problem" to attain his sinister intention at any cost. But, his ill-intentioned drama cannot work in today's bright world.

Suffice it to quote the answers of defectors who the Kim Yong-sam group alleges were "kidnapped by the North" and now "in custody."

Yu Song-gun, who defected to the North with his family while serving as a secretary in charge of personal management of the South Korean Embassy in West Germany in 1971, told a press conference: "I could not live with national conscience in South Korean society, a colony of outside forces, so I made up my mind to defect to the DPRK where people lead a worthy life. Now, the Kim Yong-sam group alleges that I was 'kidnapped by the North' and 'committed suicide,' unable to endure 'persecution.' What is this, if not a political intrigue against the DPRK?"

Another defector, Ko Sang-mun, told a press conference: "You South Korean authorities, listen to what I say. I, Ko Sang-mun, am a defector who came over to the DPRK of my own free will, unable to bear your inhuman persecution. Don't bother me who lives a happy life without any worries."

Either institutionally or legally, there exists no human rights problem in the DPRK, a socialist society centred on the popular masses.

It is outrageous and unpardonable for the Kim Yong-sam group to take issue with "human rights situation" of the North, raising outcries over "kidnapping by the North" and "persecution."

It is South Korea that has the human rights problem.

This is proved, among other things, by the fact that Kim In-so and Ham Se-hwan, prisoners of war who should have been repatriated, were kept in prison for dozens of years for their refusal to be converted and are still detained and persecuted in South Korea.

The degenerate Kim Yong-sam group, that is inferior to beasts, suppressed South Korean people who bitterly mourned the death of the father of the nation, charging them with "disturbing the democratic order" and "violating the National Security Law," the worst law against human rights in history. Is it entitled to talk about "human rights?"

The Kim Yong-sam group had better voluntarily appear in the court of history than disgrace itself and go to its grave.

South's 'Security-Oriented Rule' Rejected

SK1908102594 Pyongyang KCNA in English 1020 GMT 19 Aug 94

["Anti-Communist Fascistization Can By No Means Be a Way Out"—KCNA headline]

[Text] Pyongyang, August 19 (KCNA)—The Kim Yong-sam group has plunged the whole of South Korean society into terror by establishing the hideous "new security-oriented rule". Branding this as the last-ditch effort of those who find themselves in the lot of a fish on the chopping board, rejected by the people for their treacheries, NODONG SINMUN in a signed article today says:

The crisis of destruction into which the Kim Yong-sam group has been driven has been caused by the "civilian" ruling group itself, not by anyone else.

When the Kim Yong-sam group seized power under the "civilian" veil, it noisily advertized the "civilian rule" and "politics of reform". But nothing has changed.

What the "civilian regime" of the Kim Yong-sam group has brought to the South Korean people are fascist suppression more ferocious and brutal than that of the past military dictatorial "regimes", dependence on outside forces and hopeless miseries.

The Kim Yong-sam group is falling into a pitfall dug by itself and is seeking a way out of it in anti-communist fascistization.

Criminals are bound to be tried.

The Kim Yong-sam group which has committed anti-national, anti- democratic and anti-reunification crimes against the country and the nation under the "civilian" mask in South Korea cannot save its destiny on the decline, no matter how desperately it may try.

The "civilian" fascist clique is destined to destruction.

South Korean Defectors Give News Conference

SK1908061794 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 18 Aug 94

[Text] South Korean defectors, who are freely enjoying independent and genuinely creative lives in the bosom of the Republic, called a news conference at the Koryo Hotel in Pyongyang on the afternoon of 17 August for foreign and domestic reporters.

Present on the occasion were defectors Yu Song-kon and his wife, Choe Sok-man, Yi Chang-su, Kim Yong-kyu, Yang Yong-sik, Kim Tae-sik, and Kim Chae-su and their families.

Newspaper, news agency, and radio reporters in Pyongyang and the visiting BBC news group were also present.

[Begin recording] (Choe Sok-man] I am Choe Sok-man. When I was in South Korea, I worked as an airline captain in South Korea for Korean Airlines, KAL. In 1969, I defected to the northern half of the Republic by piloting a YX11 passenger aircraft.

Since that time, I have worked at the headquarters of [word indistinct]. I am now a colonel in the Air Force and am serving as a commander.

[Yu Song-kun] I am Yu Song-kon, who voluntarily defected to North Korea in 1971 while working at the South Korean puppet Embassy in West Germany as secretary in charge of labor affairs. I now work as a researcher in a scientific research institute, where Comrade Choe Sang-chol works.

[Yi Chang-su] I am Yi Chang-su. I voluntarily defected to North Korea in 1977 while working as an inspector at the South Korean Army Transportation Depot. I am now a scientific adviser working in (?Pyongyang).

[Kim Yong-kyu] I am Kim Yong-kyu. I was embraced in the bosom of the Republic in 1991 when I was studying at Senshu University in Japan as a South Korean student. I now work as a researcher in the Korean Computer Center, according to my major subject of study.

[Yang Yong-sik] I am Yang Yong-sik. I voluntarily defected to North Korea aboard the ship Tongjin-17, which belonged to the Tongjin Fisheries Industry Company in Yosu, South Cholla Province. I am now working as latheman in Unpa (?Wardrobe) Plant in Unpa County, North Hwanghae Province.

[Kim Tae-sik] My name is Kim Tae-sik. I was a private first class in 16th Company, 51st Regiment, 12th Division of the South Korean Army. In March 1989, I came to the bosom of the Republic by crossing the barriers of division.

After I came to the North, I graduated from college and am now working as a researcher at the college.

[Kim Chae-su] My name is Kim Chae-su. I voluntarily defected to North Korea in April 1994, with my wife and son who are beside me, while I was operating a small fisheries firm.

[Mun Chong-cha] I am Mun Chong-cha.

[Kim Ung-chon] My name is Kim Ung-chon.

[Chong Sung-sok] I am a family member of Yu Song-kun.

[Unidentified speaker] We requested to meet you, reporters, because the South Korean authorities are making preposterous remarks that those who voluntarily came to North Korea, as you see here, were kidnapped and that they are detained in camp by means of force.

These are maneuvers designed to slander the dignified Republic. We wanted to meet the BBC reporters to expose the whole truth to them.

[Choe Sok-man] There is no one in the northern half of the Republic who was kidnapped. You will never be able to find one who was kidnapped. As for myself, while I was serving in the South Korean puppet Air Force, I realized that I can no longer live in repressed fascism-ridden South Korean society, a hell filled with various contradictions. Thus, I intended to defect to the North, and in 1969 I came to the North by personally operating an airplane.

Can anyone regard me as one who was kidnapped? If he does, it would be indeed preposterous.

[Yu Song-kun] As I briefly stated a few moments ago, I worked at the puppet's embassy in West Germany. I worked as an official of the puppet government for a long time. I realized South Korea was a U.S. colony, so, I had no national self-esteem, and voluntarily defected to the Republic with my family to lead a genuine life. Nevertheless, the South Korean authorities groundlessly insist that I was kidnapped or that I committed suicide after being persecuted.

[Unidentified BBC reporter in English] I would to talk to this family here, because they came in April this year, about what happened in South Korea to make them come at that time [words indistinct]?

[Kim Chae-su] I defected for a special reason. U.S. bastards took away my mother away when I was young. This is a painful story. In 1966, when I was six, three or four U.S. soldiers came to our house during a military exercise and asked for water. My mother could not understand English well. She gave them water in a dipper. She was quite a beauty at that time. Insisting that dust was floating on the water, they struck her and did bad things to her. She became a schizophrenic later and disappeared. I still do not know the whereabouts of my mother, even though 27 years have passed. A U.S. soldier called Markle brutally murdered a woman called Yun Kum-i in October 1992 in South Korea. That incident reminded me of my mother.

Also, when young people and students were demonstrating, I wanted to help them even a little. I sold my meager property and provided those people with various printed materials and other materials necessary for demonstrations. Later, I was wanted by the puppet Agency for National Security Planning. To escape the agency, I defected to the North while traveling overseas.

[Unidentified defector] We defected to the northern half of the Republic voluntarily and we have found the shelter of a genuine human life here. We are enjoying genuinely happy lives.

The puppet Kim Yong-sam clique, the South Korean ruler, had launched a slander campaign by using the North's nonexistent nuclear issue as a pretext. When this campaign was held in check and frustrated, they raised the North's nonexistent human rights issue. In raising the human rights issue, they focused attention on our defectors.

They insist we are dead, even though we are alive; and that we were kidnapped, even though we voluntarily defected to the northern half of our Republic. They also insist that we are not free, but confined. We called this news conference, because we expected that the BBC, if it is a media organization that considers fairness to be its life, would disclose the truth about us throughout the world and, in particular, throughout South Korea.

When I was in South Korea, I studied the great chuche idea and led an association studying the chuche idea. South Korea is a place where human rights are violated, because the South Korean authorities robbed individuals of even their ideological freedom. We are leading happy lives here.

[Kim Yong-kyu] I once belonged to a group opposed to the northern half of the Republic in the South Korean puppet Armed Forces. When I came to the northern half of the Republic, all of this caused no problem.

I could not get married when I was in South Korea. As you may know, because you lived under a capitalist system, it is very difficult to get married in South Korea. Therefore, I could not get married. After arriving here, I got married to a beautiful girl. My child is 13 months old now. I have a happy family. I was provided with a house free of charge, as anyone is in the northern half of the Republic. I am living on Kwangbok Street. The South Korean authorities say we are detained. If you have free time, come visit our house, it is near here.

I majored in computer science and am now working at the Korean Computer Center.

[Unidentified BBC reporter in English with simultaneous translation into Korean] Why do you think the South Korean authorities are spreading those rumors about you?

[Yu Song-kun] We know from newspapers that South Korea's Kim Yong-sam regime has been desperately trying to crush [apsal] fellow countrymen in the northern half of the Republic in connection with the nuclear issue.

The Kim Yong-sam regime is spreading these rumors because it is embarrassed by the fact that the third round of DPRK-U.S. talks opened and that indications were emerging that the nuclear issue would be resolved.

Furthermore, if it had interest in human rights, the Kim Yong-sam regime would have repatriated to their homeland the long-term prisoners who have served thirty to forty year sentences in South Korea. Those people themselves want to return to their homeland, where their families are waiting. This very much angers public opinion at home and abroad. Therefore, the Kim Yong-sam regime was spreading those rumors in order to escape from the crisis facing it. I think this is the very reason it was launching such a smear campaign.

Because we once lived in South Korea, we know the South Korean society is a U.S. colony and a wasteland of human rights where human rights are violated mercilessly. Just like a thief turning on the victim with a club, it raised the human rights issue to oppose our Republic, even though there are human rights problems in South Korea. It did so to isolate and crush [korip apsal] the Republic by following the U.S. imperialists.

[Unidentified defector] While babbling about the human rights issue of our Republic, the South Korean puppets insist that we are detained or kidnapped. As Mr. Yu has said, because world opinion demands that Kim In-so and Ham Se-hwan, the old people, be repatriated to their homeland, South Korea, in turn, alleges that the northern half of the Republic kidnapped and detained people from the South and refuses to repatriate them.

[Unidentified defector] What the southern half insists is reverse logic. The South Korean authorities find fault with the northern half of the Republic all the time. When we came here, we have realized which, the North or the South, loves justice and truth.

South Korea is closed ideologically. There is no ideological freedom. South Korea is closed in everyday life, as well, because the Agency for National Security Planning has South Korean people's everyday lives under surveillance.

Also, recently, when the great leader passed away, fellow countrymen in the South and, in particular, young people, said they would express their condolences over his death. Koreans are said to be people of courtesy. Young people were brutally trampled down and bloodied for trying to do so. This is South Korea. South Korea's nature is well shown in the pannational rally.

[Unidentified BBC reporter in English with simultaneous translation into Korean] To show our television audience that the South Korean authorities are telling lies, I think you should show us how you live at home or your photo albums.

[Unidentified defector] We can show our houses if you wish. Come to our houses.

[Unidentified BBC reporter in English] Thank you very much, indeed. We hope to be see you again to report the story. [end recording]

ROK 'Puppets' Deploy Heavy Weapons in DMZ

*SK1908042894 Pyongyang KCNA in English
0415 GMT 19 Aug 94*

[Text] Pyongyang, August 19 (KCNA)—The South Korean puppets deployed armed bandits and heavy weapons in the Demilitarized Zone [DMZ] to commit military provocations against the North, according to military sources.

The puppets on August 16 brought a 90mm recoilless gun and a 12.7mm machine gun to a post in Komsa-ri, Cholwon County, on the central sector of the front.

In another development, they openly introduced a total of 1,000 armed bandits and 30 odd military vehicles into the DMZ on the western and central sectors on August 17 and on the central and eastern sectors of the front on August 16 and 17 in broad daylight.

The puppet army bandits armed with machine guns and automatic weapons ran about in DMZ, creating a grim atmosphere of war.

Repatriation of Kim In-so, Ham Se-hwan Urged

SK1908104894 Pyongyang KCNA in English 1016 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The Kim Yong-sam group refuses to send old Kim In-so and Ham Se-hwan, unconverted long-term prisoners in South Korea, back to the northern half of the country, sticking to its preposterous allegation that they are not prisoners of war and they have obtained the "nationality" of South Korea. Branding this as a shameless criminal act ignoring international law and Red Cross humanitarianism, a news analyst of MINJU CHOSON today says:

Old Kim In-so and Ham Se-hwan must be treated as prisoners of war in light of the international law. The South Korean authorities, however, ignore this.

The argument about "nationality" does not hold water, either. Kim In-so and Ham Se-hwan were compelled to "obtain nationality" to eke out their existence because the South Korean authorities kept them under detention, refusing to send them back to the North. Still now, the two old men do not want to live in South Korea.

"Acquisition of nationality" is nothing but an offspring of their detention by the South Korean authorities.

The two lonely and ailing old men are now maintaining the barest existence without a shelter, with no one to support them, exposed to all manner of persecution.

One of the main reasons of the South Korean authorities' refusal to repatriate them on unwarrantable charges is to cover up the truth of the woeful abuses of human rights in South Korea.

The South Korean authorities must unconditionally and immediately repatriate old Kim In-so and Ham Se-hwan and other unconverted long- term prisoners who have their flesh and blood in the northern half of the country.

Air War Games of 'U.S. Imperialist Aggressors'

SK1908043194 Pyongyang KCNA in English 0417 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The U.S. imperialist aggressors let carrier-based aircraft fly in succession in the skies above South Korea from August 15 to 17 in a surprise bombing drill against the northern half of Korea, according to military sources.

Massively hurled into the provocative war game were about 40 pursuit-assault planes, assault planes and pursuit planes based on the U.S. aircraft carrier Kitty Hawk mooring in the waters south of Cheju Island.

On the 16th, a P-3 patrol plane and an S-3 antisubmarine plane which had taken off from the aircraft carrier took part in a submarine operation exercise for hours in the sky above the sea off Kangrung.

Meanwhile, an overseas-based KC-135 refueling tanker staged a night mid-air refueling operation for 30 odd fighter planes of the U.S. Seventh Air Force and the puppet airforce in an aerial war exercise.

Japan's 'Ambition for Overseas Aggression' Viewed

SK1908044294 Pyongyang KCNA in English 0431 GMT 19 Aug 94

["Japan Must Discard Ambition for Overseas Aggression"—KCNA headline]

[Text] Pyongyang, August 19 (KCNA)—A conference on Japan's defence recently reexamined the existing "main lines of the defence program" and submitted instead a report titled "Mode of Japan's Security and Defence Force—Prospect of the 21st Century" to the prime minister.

The report calls for strengthening war preparedness and maneuverability of the Japanese Armed Forces, making the military equipment sophisticated and modern, expanding the information gathering capacity and setting up an anti-ballistic missile system. It also urges a joint research, development and production with the United States to meet the needs for weapons and equipment.

Commenting on this, NODONG SINMUN today says this shows of the Japanese reactionaries' ambition for overseas aggression remains unchanged and, to this end, the conversion of Japan into a military power is being feverishly accelerated.

The analyst continues:

The Japanese authorities declare quite often that Japan "will not become a military power but remain a peaceful state." If it were true, arms buildup and modernisation would not be necessary.

Japan is busy equipping the "Self-Defence Forces" with modern, mobile and long-range weapons. It is introducing a large transport ship of carrier type for overseas troop dispatch and AWACS and building the latest-type aegis warships. As a matter of fact, Japan is number two military power in the world next to the United States in the attack capacity.

Japan's arms buildup and military modernisation cannot be construed otherwise than an effort to realise her ambition for overseas aggression.

The report worked out by the conference on defence calls for expanding the role of the Japan "Self-Defence Forces" in U.N. peacekeeping operations. This is aimed at dispatching troops to any part of the world.

Japan is poised to set out in overseas aggression in real earnest in reliance on strength. This will lead her to self-destruction. The Japanese reactionaries must discard the ambition for overseas aggrandizement and take the road of peace. This is a good option for Japan herself.

Cuban People's 26 Jul Armed Uprising Marked

SK1908044094 Pyongyang KCNA in English 0425 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—A meeting was held in Pyongyang Thursday [18 August] to mark the 41st anniversary of the July 26 armed uprising of the Cuban people.

The participants in the meeting observed a silent tribute to the memory of the great leader President Kim Il-song.

Vice-chairman of the Korea-Cuba Solidarity Committee Kim Chin-bom made a speech there.

Recalling that on July 26, 1953, the Cuban revolutionaries under the command of comrade Fidel Castro attacked the Moncada Barracks, the military stronghold of the Batista dictatorial regime, he said it was a historical event that developed the Cuban people's revolutionary struggle for freedom and liberation to a new, higher stage.

Today the Cuban people are enjoying an undisputed support and encouragement from the world's revolutionary people because they are advancing under the banner of socialism in Latin America, braving difficulties, the speaker said. The Korean people, he added, note with high appreciation that the fraternal Cuban people are defending the sovereignty of the country and the dignity of the nation and accelerating socialist construction, courageously repulsing the U.S. imperialists' aggressive moves, and extend full support and firm solidarity to this just struggle.

Turning to the friendly relations between the two countries, he said the Korea-Cuba friendship provided by the great leader Comrade Kim Il-song together with Comrade Fidel Castro, the supreme leader of the Cuban revolution, would attain greater dimensions under the care and outstanding leadership of the dear leader Comrade Kim Chong-il.

Cuban Ambassador to Korea Ramon Rodriguez Varona in his speech expressed deepest condolences on the death of the great leader Comrade Kim Il-song, a paragon of a true revolutionary, the defender of the nation's sovereignty and territorial integrity, a staunch anti-imperialist fighter and a close comrade-in-arms of the Cuban people. His august name and exploits will be immortal in our hearts, the ambassador said.

He said the U.S. imperialists were compelled to have negotiations with the DPRK on an equal footing in face of the wise leadership of the Workers' Party of Korea and the DPRK Government, especially the great leader Comrade Kim Il-song and Comrade Kim Chong-il, supreme commander of the Korean People's Army, and the dignified and consistent brave stance of the Korean people in recent years.

"The Cuban people are proud of having the Korean people as a friend and a comrade-in-arm in the struggle against the common enemy," the ambassador said, and declared: "The Cuban people assure you once again that they will always stand on the side of the Korean people in the struggle to achieve the peaceful reunification of the country and defend the socialist gains and the dignity and sovereignty of the country."

Lebanese, Bulgarian Party Leaders on Solidarity

SK1808234094 Pyongyang KCNA in English 2146 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—Jean Videnov [spelling of name as received], chairman of the Supreme Council of the Bulgarian Socialist Party, and Walid Junblatt, president of the Socialist Progressive Party of Lebanon, expressed support to and solidarity with the Korean people in their struggle of justice when they met with Korean ambassadors on August 10.

Jean Videnov said the death of the great leader President Kim Il- song was a great loss not only for the Korean people but also for the progressive people of Bulgaria and the world.

"I hope that the problem of Korea's reunification will be solved peacefully at an early date by Koreans themselves," he said.

Expressing full support to the Korean people in the efforts to achieve the peaceful Reunification of the country, he said the nuclear issue of the Korean peninsula should be settled on a fair basis through DPRK-U.S. negotiations.

Walid Junblatt said they are pleased to see the Korean people vigorously advancing for the accomplishment of the cause started by the great leader President Kim Il-song, turning sorrows into strength.

Expressing the belief that the Korean people would make a great progress in the efforts to accomplish the socialist cause under the wise leadership of the dear leader Comrade Kim Chong-il, he said his party would make positive efforts to develop the friendly and cooperative relations with the Workers' Party of Korea.

Central Committee Greets Hungarian President

SK1908105294 Pyongyang KCNA in English 1030 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea today sent a message of greetings to Hungarian President Arpad Goncz on the national day of the Republic of Hungary.

The message extended congratulations to the president and people of Hungary on their national day.

Article by Czech Author on Korean Conflict Cited

SK1908104794 Pyongyang KCNA in English 1011 GMT 19 Aug 94

["Testimony to Korean War"—KCNA headline]

[Text] Pyongyang, August 19 (KCNA)—The Czech paper HALO NOVINY August 10 carried an article by Vaclav Oplus, who was active as a correspondent in Korea in the 1953-1954 period, under the title "Testimony To Korean War."

The author of the article says:

The Korean Armistice Agreement was signed at Panmunjom on July 27, 1953, 41 years ago. This put an end to the Korean war which lasted some 1,120 days.

The United States long ago set it as its strategic objective to "overthrow" the Democratic People's Republic of Korea. Especially, on the eve of the Korean war, Dulles openly revealed this aggressive design.

John Robinson Beal in a book published in 1957 elaborated on the features of Dulles' doctrine on the "liberation" of dependent nations, saying the Korean war was one of the products of his international anti-communist offensive.

"Liberation" advocated by Dulles, John R. Beal continued, was the origin of the foreign policy of the Republican Party against communism and meant a response to the communist forces which were gaining a wider scope.

The United Nations, taking advantage of the absence of the representatives of the Soviet Union and China, "concluded" that "North Korea attacked South Korea."

After Truman, the Eisenhower administration of the United States did not give up the ambition for conquering Korea and China and declared it would not rule out the use of strategic nuclear weapons in the Korean war.

The "prime minister" of South Korea claimed the DPRK was to blame for the provocation of the war, but failed to produce any clear evidence.

On the contrary, there are countless testimonies proving that the Syngman Yi "government" of South Korea unleashed the war.

Some people try to shift the blame for the outbreak of the war on to the DPRK. But it is no more than a drama to whitewash their "resolution" which blamed the war on the DPRK at the United Nations in the past.

In the DPRK I met with Wilfred Burchett, an Australian journalist who worked for the British papers TIMES and DAILY TELEGRAPH during World War II, and he gave me many data on the outbreak of the Korean war and its course.

Burchett wrote the book "This Monstrous War" on April 1, 1954 on the basis of concrete data carried in South Korean newspapers.

Burchett said on page 99 of the book:

The SEOUL SINMUN October 2, 1949 opened to the public the content of a letter sent by Syngman Yi to the United States under the title "South Korea Is Fully Prepared. North Korea Will Be Conquered." It was later submitted to the U.N. General Assembly.

The letter reads in part:

"1) We will take back the land lost to North Korea.

"Our colleagues in North Korea ask us to overthrow the government there.

"2) The South Korean Government is prepared to terminate communism.

"Our colleagues in North Korea hope we will attack the communist army.

"We must do this without fail and should have done it long ago."

The newspaper October 8, 1949 carried an interview with the vice- managing director of the United Press. At the interview, he said: "The Syngman Yi government calls for conquering North Korea. ... He is convinced that Pyongyang can be occupied in three days and he told me it is easier to defend the country's border between Korea and Manchuria than to defend the 38th parallel."

Burchett in his book said Dulles visited the U.S. Forces Command in the Far East and South Korea in June 1950 to attain the strategic objective of the United States. On page 112, Burchett quoted the report sent by the South Korean "ambassador" to the United States to the "National Assembly" as saying: "The eyes of the free world are watching us. Compromise with communism is a road to ruin. The United States is ready to give all necessary material and moral support to South Korea in the fight against communism."

On pages 114-115 of his book, Burchett said:

After inspecting 38th parallel, Dulles instructed South Korea to make an attack on North Korea accompanied by a counter-propaganda that North Korea attacked South Korea. He promised that if South Korea could but hold out for two weeks, the United States would bring complaints against North Korea at the United Nations and thus inveigle U.N. members in the war and mobilize ground, naval and air forces under the U.N. flag.

At dawn June 25, 1950 when Dulles was staying in Tokyo, the program of Dulles, Syngman Yi and Macarthur was put into practice. The units of Syngman Yi started an attack and crossed the 38th parallel.

Guyanese President Supports DPRK Position

SK1908103094 Pyongyang KCNA in English 1023 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—Guyanese President Cheddi Jagan received credentials from the ambassador of the Democratic People's Republic of Korea to his country on August 11. Expressing condolences again on the death of the great leader President Kim Il- song, he said his death is a big loss and sorrow not only for the Korean people but for the Guyanese people.

As the dear leader Comrade Kim Chong-il is carrying forward the cause of President Kim Il-song, a bright prospect will be opened up for Korea's reunification, he said.

Noting that the Guyanese and Korean peoples have long established and developed friendly relations, he hoped that such cooperation will continue in different fields.

Pointing out that he has gained a precious experience from the reality of Korea where socialism has been ever consolidated and developed under the guidance of Comrade Kim Chong-il, he strongly supported the Korean people's position on the peaceful reunification of the Korean peninsula.

Pak Song-chol Receives New Tanzanian Ambassador

SK1908105394 Pyongyang KCNA in English 1031 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—Pak Song-chol, vice-president of the Democratic People's Republic of Korea, today received the credentials from Seif Ali Eddy, newly- appointed Tanzanian ambassador to Korea, at the Mansudae Assembly Hall.

Present there was Kim Yong-il, vice-minister of foreign affairs.

Vice-president Pak Song-chol conversed with the ambassador after receiving the credentials.

Central Committee Greets Guinean President

SK1908105194 Pyongyang KCNA in English 1029 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea today sent a message of greetings to Joao Bernardo Vieira upon his election as president of the Republic of Guinea-Bissau.

The message expresses the conviction that the friendly relations between the two countries will develop favourably and wishes the president success in his work for the prosperity of the country.

Defector Speculates on Kim Chong-il's Future

OW1908144394 Tokyo BUNGEI SHUNJU in Japanese Sep 94 pp 136-140

[Article by Ko Yong-hwan, former DPRK diplomat who defected to the ROK: "Kim Chong-il—The World's Most Dangerous Man"]

[Text] "North Korea will probably make a transition to a system of collective rule by Kim Chong-il, Vice President Kim Yong- chu, and others, separating the party from politics."

Following the death of Kim Il-song, newspapers in the ROK and Japan carried articles predicting the future trends in North Korea. But, these articles reflected the views of people who have little knowledge of the realities in North Korea, and was nothing but wishful thinking about how they want North Korea to be.

Without fail, Kim Chong-il is going to succeed to all the power Kim Il-song possessed, because that was what Kim Il-song wanted.

Kim Il-song was very apprehensive about the Communist Party of the Soviet Union, which corrected its course after Stalin's death. He seemed to hate Nikita Khrushchev so much that he branded him "paektaegari pondo" (a white swine). Therefore, he quickly began an earnest effort to ingrain a diagram that equates Kim Il-song with Kim Chong-il into the minds of North Korea's people, to avoid repeating the same course after he died. So, it is more than natural that following Kim Il-song's demise, Kim Chong-il should get hold of all rights to the party, government, and armed forces.

In North Korea there are neither people nor forces that could replace Kim Chong-il. It is possible Kim Yong-chu may remain in his current position without any real power. But Kim Il-song's widow Kim Song-ae and her son Kim Pyong-il, who are reportedly on bad terms with Kim Chong-il, may sooner or later be sent to the provinces and placed under house arrest. Loyalty Is Measured by "Faithful Donations" [subhead]

The close associates clustered around Kim Chong-il are divided into two groups. To the first group belong people who are loyal to principles and execute work in careful manner, such as Ke Ung-tae, party central committee secretary in charge of security; Kim Yong- nam, foreign minister; Chon Byong-ho, a second secretary in charge of the economy, and the like. Comparatively speaking, they are alright.

The other group is composed of those known as the "drinking team." Its members are O Chin-u, minister of the people's army; Chang Song-taek, husband of Kim Chong-il's younger sister and youth affairs minister; Kim Chung-il, first vice minister of propaganda and agitation; Kwon Hi-kyong, minister of foreign information research; Kang Sok-chu, first vice foreign minister; Hyon Chun-kuk, chief of the party's international department; Kim Yong-sun, party secretary in charge of south Korean affairs, and so on. Kim Chong- il is often quoted as saying: "The quantity of liquor one drinks represents one's magnanimity" and he is said to fill large brandy glasses with cognac and offer members a drink. After a toast, those offered have to drink up in one go.

Surrounding Kim Chong-il are only those who flatter and fawn on him; this is not limited to members of the "drinking team."

Let me recount an experience I had as a North Korean diplomat. I think it was November 1987, when I accompanied Kim Yong-nam, who is now foreign minister, on a tour of Eastern Europe and Africa, which was aimed at expanding nations friendly to the DPRK into an offensive block against the Seoul Olympics scheduled to open in 1988. In Paris, we were met by the North Korean deputy delegate to the United Nations who told us: "You better buy bottles of liquor from all over the world. They do not have to be large bottles; buy them all. It does not matter how much they cost, $10,000 or $20,000, do not worry about the money because they are all going to be presented to comrade Dear Leader."

So we bought about 10 large boxfuls of liquor, brought them back to Pyongyang, and presented them to Kim Chong-il at once.

Diplomats and commercial attaches who used to be diligent are no longer inspired by their work, because they are neither recognized nor promoted as a result of their diligence. The amount of money they offer Kim Chong-il, so-called "chong-song-kum" [allegiance money], counts for all. To explain the reality, they are bent on making that money.

"You can make vice minister if you offer $200,000 to Kim Chong- il, and $100,000 will buy you a bureau directorship." This rumor ran rampant in the North Korean Foreign Ministry as if it were true. In reality, Kim Chong-il would give you a word of praise or a medal when the allegiance money was offered and its source was not questioned.

Medals remind me of another important aspect of a diplomat's work in parallel with offering allegiance money—getting Kim Chong-il awarded the highest medal or highest honorary degree.

Even if an embassy did not fulfill its ordinary mission, it could win recognition as the "hardest working and most loyal embassy," if it succeeded in getting Kim Chong-il awarded major foreign medals.

As I said, Kim Chong-il pays attention to those who flatter him; the most important thing in North Korea is fawning on him. Nobody knows what would become of a man who, with a sense of justice, opposed Kim Chong-il's view or did things against his will. There is no one in North Korea that can hold him in check.

The fact Kim Chong-il is a dangerous man is apparent in his admiration for Stalin and Hitler.

In 1987, I went to the Soviet Union during events commemorating the 70th anniversary of the Bolshevik October Revolution. I cannot forget the day I reported to Kim Chong-il on the visit. When I finished my report, Kim Chong-il said: "I cannot help expressing indignation against Mikhail Gorbachev who is as ignorant as a child in denying the world-renowned, distinguished service of Generalissimo Josef Stalin. Gorbachev surpasses Nikita Khrushchev as a revisionist and reformist. He does not know what would have happened to the world without Stalin."

It was around 1985 when North Korea began to stage torch light parades in which 1 million people, forming letters with their torches, would march through the streets shouting: "Let us become a suicide corps to protect the party!" The scene was reminiscent of Nazi Germany's Gestapo or SS troops marching past Adolf Hitler, shouting "Heil Hitler!" The inventor of this parade was said to be none other than Kim Chong-il. One thing Stalin and Hitler had in common was that they were both cruel dictators.

Among countless examples that illustrate the realities of terror politics practiced by the dangerous dictator Kim Chong-il, let me cite one:

It took place in 1987 when Kim Chong-il was in a car on his way home at around 0200, after a party with the "pleasure-giving team." A low ranking social security (police) officer suddenly approached Kim Chong-il's car and demanded: "Show me your identification card!" Certainly, no one is allowed on Pyongyang streets after midnight without a curfew pass, but everybody knows that in North Korea a super deluxe Benz is reserved for a high-ranking personality. The social security officer seemed to have forgotten this because he was drunk.

The following day, all concerned officials including the chief of the Pyongyang Security Bureau were taken into custody. The security bureau chief was demoted to captain from the rank of lieutenant general and sent in disgrace to a minor sub-station in Pyongan pukdo [North Pyongan Province]. The majority of those taken into custody are reportedly still missing; a few fortunate ones were sent to the coal mines. Kim Chong-il Forsaken by the People [subhead]

Kim Chong-il can do anything as he likes with no restrictions on his actions because he is a dictator.

For example, the Ryukyong Hotel, the construction of which has now been suspended, was begun on Kim Chong-il's command.

"How high is the tallest hotel in the ROK?"

"It is 63 stories high, sir."

"How high is the Orient's tallest?"

"It is somewhere around 90 stories, sir."

"Then build one of 100 stories, no, make it 105 stories."

Thus, the work began. Those who pleaded the correct view: "North Korea does not need such an hotel" or "only a small number of tourists visit North Korea, and it may collapse because the foundations are not solid," were immediately expelled. They must have been thrown into local jobs, camps for political prisoners, or forced to work in coal mines.

There are many other examples that vividly reveal Kim Chong-il's antagonism toward the ROK. He was infuriated by the fact the ROK produces automobiles.

"Why can we not do what the south Korean puppets can do. I command you to produce automobiles like Benz to overwhelm the South Korean puppets."

By the supreme order of Kim Chong-il, about three years were spent on producing 10 automobiles that looked exactly like a Benz. Certainly from a distance the completed automobiles looked like a Benz, but once you got near, the body was not smooth; they stalled too often; and finally they ended up in the junk yard.

Kim Chong-il's self-indulgence "to do things as he likes" is synonymous with a "grand waste."

In 1984, Kim Chong-il constructed an exotic building called "moknyon-kwan" [Magnolia Mansion] in the compound of the party central committee's headquarters. The building, which is painted green on the outside, is a place of amusement for Kim Chong-il, complete with a banqueting hall, music hall, discotheque, and health center. the interior was done in deluxe Italian marble, with chandeliers and waterfalls. A party was once thrown there for foreign ambassadors stationed in Pyongyang, and ambassadors from Western capitalist nations voiced criticism about the excessiveness of Moknyon-kwan.

"Despite the fact people outside the mansion can barely afford to wear shoes, this place indulges in the utmost luxury rarely seen even in capitalist society."

What do the North Korean people think about Kim Chong- il's actions? The following is what happened when a plant called the Sunchon Vinalon [a synthetic fiber developed by the DPRK] Allied Factory was under construction. Chairman Yi Cha-pang of the Committee of the National Scientific Technology said in a speech to Foreign Ministry diplomats: "Upon completion of this plant, the cement, caustic soda, caustic resin, and carbide produced here will bring us earnings in the amount of about $4 billion."

On hearing this we could not help but laugh, because what he said was too ridiculous to believe. In a flurry, the chairman said: "Because you people go abroad often..." he then shut up and did not say anything further. It was apparent the speechmaker himself did not believe what he had said.

Those who do not believe in Kim Chong-il are not limited to people in pivotal positions.

At a refinery in Nampo, Pyongyang's outer port, a documentary film entitled: "New Korea" was being shown on the TV in a workers' lounge. It showed piles of bread and rows of bottled beer being produced, to boast North Korea's splendid food processing industry. Workers who saw the TV program could not help murmuring: "Why do they tell these sort of lies? We have not seen these things for a long time."

At present, the economic situation is distressful and the majority of people in North Korea are starving. Workers are not demanding anything beyond minimum necessities. They merely want to have a bowl of steamed rice and the necessities of life. Kim Chong- il is without the means to solve such problems. In a workers' socialist country, it is no exaggeration to say that Kim Chong-il has been given up by these workers. Same Fate As Ceausescu Is Awaiting [subhead]

How long will the Kim Chong-il regime last? As far as the transfer of power is concerned, there will be no problem for some time because Kim Il-song established a linkage so that Kim Il-song equals Kim Chong-il.

At present, Kim Chong-il probably faces the dilemma of whether to carry on the Kim Il-song line intact or to launch a new line represented by an open-door policy. If he fails to succeed with the Kim Il-song line, the possibility is that a coup may be launched by those in important government and party positions with various vested rights. Also, it cannot be discounted that the economically hard-up people will finally revolt if the Kim Il-song line is continued.

Kim Chong-il has to decide whether he will side with a minority elite class that strongly backs him, or side with the absolute majority of people who lack power but cannot be ignored. It is a question of whether Kim Chong-il has the leadership ability to satisfy the two contradictory forces at the same time.

For the time being, there is no other way for him but to continue the Kim Il-song line and gradually introduce an open-door policy. Without a miracle, it will be impossible for him to continue to rule the country for a long time in the way his father Kim Il-song did.

Another matter of concern is Kim Chong-il's health. The Kim Chong-il I saw at his father's funeral was a completely different man from the Kim Chong-il I saw in person. His shape has changed a great deal. Some people say he lost weight because he was stricken with grief by the death of the great father, but I disagree. He must have spoiled his health with long years of drinking, fooling around with women, and smoking. Even if Kim

Chong-il wanted to appear grief-stricken with a hollow expression, from the character I know, I cannot imagine him enduring a diet for 10 days.

In a previous issue of Tokyo BUNGEI SHUNJU, I said Kim Il-song was destined to follow the same path as Romania's Ceausescu. And I have to say the same thing about Kim Chong-il. I repeat that Kim Il-song equals Kim Chong-il. If the economic situation in North Korea continues to worsen, a popular uprising will take place. And I think Kim Chong-il will be finally executed just like Ceausescu, dissolving the Kim Chong-il regime. When that day will be, six months or one or two years, only God knows.

Foreign Publications on Kim Chong-il 'Greatness'

SK1908042994 Pyongyang KCNA in English 0405 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—Foreign publications carried articles lauding the greatness of the dear leader Comrade Kim Chong-il.

The Romanian magazine EUROPA NO. 172 carried the brief biography of Comrade Kim Chong-il and an article titled "The Revolutionary Cause Continues."

The article said:

Though President Kim Il-song passed away, he laid a solid foundation for the Korean revolution to advance along one road forever.

With his excellency Kim Chong-il guiding the overall work of the party, the state and the army from long ago, the issue of carrying forward the revolutionary cause has been fully solved.

Under his leadership, all the work of the party, the state and the army is going on well and Korea has consistently covered a road of great development and achievements.

As President Kim Il-song was, his excellency Kim Chong-il is an outstanding thinker and theoretician, a great statesman, a brilliant military strategist and the leader faithful to the country and the people.

Unbounded loyalty to the revolutionary cause, devotion to the country and the people, fearless grit, will of overcoming difficulties, tested leadership over the people, great achievements in the revolution and construction—these are some features characterizing him.

It is a great pride of the Korean people to advance along the road hewn by President Kim Il-song under the guidance of his excellency Kim Chong-il.

The Zimbabwean paper PEOPLE'S VOICE printed a photograph of Comrade Kim Chong-il among soldiers and carried an article introducing his greatness.

It wrote that he published many works including those on the strengthening and development of the Korean People's Army [KPA] to be matchless Armed Forces and prepared the KPA to be an invincible army unfailingly loyal to the party.

The Ethiopian paper MONITOR, the Russian paper VLADIVOSTOK, the Colombian paper VOZ, the Pakistani papers AMAN and MUSLIM and the Ukrainian paper VSE UKRAINSKIYE VEDOMOSTY [spelling of newspaper as received] carried articles introducing the greatness of Comrade Kim Chong-il under the titles "Korea That Has Solved the Continuity of the Revolutionary Cause," "Comrade Kim Chong-il Is the Supreme Leader of the Korean People," etc.

Kim Chong-il Receives Gift From Nigerian Leader

SK1908051794 Pyongyang KCNA in English 0433 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The dear leader of our party and people Comrade Kim Chong-il received a gift from Sani Abacha, head of state and commander-in-chief of the Armed Forces of Nigeria.

The gift was handed to an official concerned on August 18.

Kim Chong-il Sends Letter to Primary Schoolgirl

SK1908044894 Pyongyang KCNA in English 0438 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The dear leader of our party and people Comrade Kim Chong-il read a letter from Yang Kyong- hui, a schoolgirl of the third class of the second year of the Munhwa Primary School in Phyongsong, South Phyongan Province, and sent the following autograph letter to her:

"I hope you will study hard to be an admirable daughter of Korea.

I read your letter with pleasure.

Kim Chong-il

August 13, 1994."

Upon hearing the sad news about the death of the great leader President Kim Il-song, Yang Kyong-hui, 9, visited his statue five or six times every day, overcome by uncontrollable grief.

When she saw the haggard face of the dear leader Kim Chong-il on the TV screen during the mourning period, it made her feel such a gnawing ache that she decided to write to him a letter carrying her mind.

Saying that the sorrow at the loss of the grandfather Generalissimo has not yet been dispelled, she wrote that she would grow up to be a lifeguard, a medical doctor who will defend the safety and longevity of General Kim Chong-il, the father, at his side.

She went on:

"General, dear father, you must always be healthy. You are our only father, dear general.

General, dear father, you do not belong to your individual self, but are a most precious being who should take care of the people and children of the whole country.

You must not lose your appetite and must go to bed in time.

Respected father General Kim Chong-il, the father of our home, be in good health and live a long life".

These letters between the leader and an unknown schoolgirl clearly show the true appearance of the singlehearted unity of our society in which the leader and the people form a harmonious whole.

Kim Il-song's Biography Published Abroad

SK1908043994 Pyongyang KCNA in English 0407 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The brief biography of the great leader President Kim Il-song was published in bulletin by the Peruvian group for the study of works of Comrade Kim Il-song.

The bulletin said in its preface:

We consider it very important to know about the brief biography of President Kim Il-song at the present time when socialism has collapsed in eastern Europe and the imperialists are making a noise about the "end" of socialism in the world.

President Kim Il-song showed the whole world that socialism built in Korea is dynamically progressing, not undergoing the same crisis as in other countries.

The brief biography was also carried by the Brazilian paper HORA DO POVO, the Chinese paper JIYOUBAO and the French information bulletin B.I.P. [expansion unknown]

Kim Il-song Acclaimed as Liberation Benefactor

SK1908031094 Pyongyang Korean Central Broadcasting Network in Korean 2230 GMT 14 Aug 94

[Radio essay: "Benefactor of Liberation"]

[Text] Forty-nine years have passed since the historic day of the arrival of national liberation in this land. Greeting the significant 49th anniversary of the fatherland liberation, our people are filled with boundless reverence and gratitude to the respected and beloved leader Comrade Kim Il-song for his having restored the lost fatherland and developed a prospering new era in this land.

Fatherland! We cherish our fatherland all the more dearly in our hearts when we call its name again and again! The great leader restored the fatherland through the 20 years of unprecedentedly arduous bloody anti-Japanese struggle, cultivated it to fertility, and brought it into resplendent bloom with the pains and energy with which he devoted himself without sleep or rest over the 50 years since the liberation! We cannot think of anything of our socialist fatherland without our respected and beloved leader—a fistful of soil and tree stumps in this land, the golden rolling fields, well- lighted streets overflowing with laughter of happiness, surging plants with vigor, and our people's beautiful communist virtue of helping and encouraging each other living harmoniously like real brothers and sisters and their own flesh and blood.

Whenever we think of our chuche fatherland, which is more precious than our lives, a thousand emotions crowd in on our minds. Ringing into our hearts are the phrases and clauses of the immortal revolutionary song, the "Song of General Kim Il-song." Embraced in our hearts is the immortal revolutionary history of the respected and beloved leader—the peerless patriot, the benefactor of liberation, the great sun who has pioneered the tens of thousands of miles of the revolution all his life fraught with trials for the country and the people.

Mt. Paektu stands with dignified appearance crowned with white snow throughout four seasons commanding the millions of mountain ranges stretching across the country. The great leader Comrade Kim Il-song wrought a glorious revolutionary history pioneering his way through the tens of thousands of miles of anti-Japanese revolutionary struggle through the high peaks and snowstorms of Mt. Paektu. He achieved the fatherland liberation following his way and raised the immortal torchlight of opening a new era of independence, thus making the Korean revolution take its firm root, bringing forth the lasting assets for the prosperity of the nation.

Hence, let us read the heroic epic reverently: The peerless patriot, the benefactor of liberation—the intimate title by which our people and our nation praised our leader for the first time in the world—are the titles by which we extol from the bottom of our hearts the immortal achievements and great favor of the leader who restored the fatherland lost to the Japanese imperialists and saved the fate of the nation.

The dear leader Comrade Kim Chong-il has indicated: Ever since he embarked on the road of revolutionary struggle, taking upon himself the destiny of the country and the nation, the great leader Comrade Kim Il-song has devoted his whole life to the fatherland, the people, and the revolutionary cause of the working class.

In retrospect, at the time of the national ordeal when the land of Korea, chopped by the swords of the Japanese imperialists and smeared with blood, was crying for freedom and when the 20 million fellow conuntrymen were put in chains as a ruined people and slaves were writhing while yearning for relief, the great leader Comrade Kim Il-song, who listened attentively to these voices of grief by fellow countrymen and caught their meaning, crossed the Yalu River at the young age of 14, taking upon himself the destiny of the country and the nation and firmly vowing that he would not return to the country until Korea became an independent country.

In the early period of his embarkment on the road of the revolution, he created the immortal chuche idea with his farsighted wisdom and brilliantly illuminated the road of history, the road of the Korean revolution, with this great idea. Then, he rallied all the fellow countrymen under the banner of chuche and inspired them into the sacred anti-Japanese war for national liberation.

It was none other than General Kim Il-song, the matchless patriot and the sun of the nation, who led the anti-Japanese guerrillas based on Mt. Paektu, the sacred mountain of the nation, and waged bloody fighting against the Japanese imperialists, relying on the strength of the people, in the period of darkness and ordeal when activists of the patriotic movement and the independence movement of various forms, who had risen up together, either disappeared, unable to bear the brutal suppression by the Japanese imperialists, or went overseas in order to escape the Japanese imperialists' bayonets.

The revolutionary road of tens of thousands of miles, which our leader traversed for national liberation, covering the area from (Hwajon) where the banner of chuche, the banner with the slogan: "Down with imperialist union," was lifted for the first time, to Kalun, (Anto), and (Sohwangchong); the area from [word indistinct] to Donggang and Pochonbo; the area from Nanpaizi to Musan; and the area from (Oigang) to Xiaohaerbaling was indeed roads of bloody battles filled with trials.

The unprecedentedly arduous and protracted anti-Japanese battle had to break creatively through a totally new path never before witnessed in history and had to fight resolutely against the heavily armed Japanese imperialists without receiving logistic support and without support from regular armed forces while solving problems of weapons, food, and clothing with its own efforts!

On these days our leader had the great pains of having to traverse the road of revolution on a rough alien land, separated from his beloved parents and brother, in order to rescue the destiny of the country and the nation. He also had to sleep on fields even in cold weather. He had to spend days of ordeal when he [words indistinct] and had to suffer all sorts of hardships on the way of marching toward the fatherland.

On these days there were also the flames of Pochonbo, which declared to the world that Korea did not die and the spirit of Korea was alive. There were also heartrending stories about guerrilla fighters dying, shedding blood, and shouting the pledge of faith: "Those who are cowardly, leave us if you want and we will defend the red flag."

Such ordeals were countless on the road of tens of thousands of miles of bloody battles on Mt. Paektu.

Nevertheless, standing at the forefront of the sacred war against the Japanese imperialists and surmounting all sorts of hardships at every stage of the life-or-death crisis, the great leader encouraged and led guerrilla members, saying that thinking of the lost fatherland, even while walking one step, you will surmount the hardships in order to return to the fatherland.

The anti-Japanese revolutionary Paek Hak-nim stated:

[Begin Paek Hak-nim recording] A Korean People's Revolutionary Army unit was resting after crossing the Amnok River and reached the area near the Imyongsu Timber Mill. There were many tall trees, such as larch trees, so thick that the sky was hidden from view in the area where we were resting.

We had lived in forests so long that we did not heed the trees measuring more than one length of our arms, but the great leader examined the trees closely. Then he said that the Japanese imperialists were cutting these good trees at random and were using them for their aggression war. He added that if we built large houses with these good trees in our beautiful country, it would become much more beautiful, and our people would be happy.

Listening to this remark by the great leader, I bore in mind the lofty will of the leader who wanted to provide our people with happy life, foreseeing far into the future of the fatherland.

The great leader, having taught this to us, said that our country has abundant natural resources capable of developing industry and producing all the things necessary for food, clothing, and shelter and that the quality of the resources was very good. The great leader said that this was why our country had since ancient times been called a country of gold, silver, and treasure. He said that if we had the strength of the wise and diligent people and abundant natural resources, we could produce anything and build a strong and excellent country in which we would want for nothing.

The great leader told us that we should defeat the Japanese imperialist aggressors as soon as possible, liberate the fatherland, and establish an excellent people's country on our own. [end recording]

Thus the great leader implanted the burning patriotism and warm love for the people in the hearts of the fighters and vigorously organized and mobilized them to annihilate the enemy. Because of this wise leadership of the great leader, we won the arduous anti- Japanese sacred war, bringing forth the new day of national liberation in this land.

On the historic day in 1945, when the entire country was exhilarated like the rolling sea with the emotion and joy from the liberation, the great leader General Kim Il-song made a triumphant homecoming to the fatherland with his men. The fatherland, which they could not forget even in a dream, was in a whirlwind with the joy history had not known, and the people of the fatherland gave a loud cry at the top of their voices again and again: "Long live General Kim Il-song," praising the peerless patriot and benefactor of liberation who brought forth the new spring of liberation overcoming unprecedented hardships.

After the liberation, the respected and beloved leader Comrade Kim Il-song not only restored the lost fatherland but developed in this land an era of great national prosperity in which the might of the fatherland and national dignity were displayed in the entire nation for the first time in the thousands of years of history.

Under the care of the fatherly leader, our people sang the song of industrial invigoration with the joy of land reform and crossed the pass of building a country of democracy. They made their way over hundreds of miles through gun smoke, the burning Naktong River, and the high mountains of Taebaek, to the plaza of war victory.

Our people built the pillar of self-reliance on the ruins of ashes singing the song of rehabilitation with the power of chuche fostered by our leader, and achieved in only 14 years, the industrialization which others had to spend 100 to several hundreds of years to build, unfolding the great reality of changing the heaven and the earth in this land. How can we fully describe the leader's immortal leadership achievements?

Korea was dominated by century-old underdevelopment and poverty. Korea even lost its color on the world map. The great leader Comrade Kim Il-song built our country into an independent, self- reliant, self-defending socialist fortress and a strong state, the chuche Korea shining resplendently in the world, and a people's paradise where man's life is in bloom and the song of happiness and the song of romance overflow, in such a short period of time.

I ask of history: Was there ever a leader [yongdoja], in the East or West, in ancient times or the present, as our leader who lived through nearly a century to achieve the great accomplishments which one man would find too great and one generation would find too difficult and too complicated to achieve, so that they will shine forever?

Truly, our leader was the great man of great men, the leader of leaders in terms of his greatness in the history of revolutionary activities, in terms of the greatness of the achievement he made in the days of the revolutionary activities, and in terms of his personality and moral influence.

He made the immortal achievements for the country and the nation which will shine forever and left us, providing our people with everything that he could give us. Today, when we have parted from the leader for good in endless sorrow, our people keenly feel what a great leader we had in carrying out the revolution and feel all the more keenly the truth that the destiny of the country and the nation depends on the great leader.

Truly, it was the great privilege and happiness of our people to uphold the respected and beloved Comrade Kim Il-song—the peerless great man given by heaven—as the great leader and accelerate the revolution at the head of the times.

Although the respected and beloved leader Comrade Kim Il-song has parted from us, his shining name, benevolent figure, and immortal achievements will live forever in the minds of our people and mankind. The great leader Comrade Kim Il-song is with us forever.

The great leader [widaehan suryong] is the dear comrade leader, and the dear comrade leader is the great leader [widaehan suryong]. Because the dear leader Comrade Kim Chong-il, another great leader [widaehan suryong], is at the head of our revolution, we are confident and have no fear, and have redoubled courage with faith in sure victory and indomitable fighting spirit.

Our people turned the great sorrow of abruptly losing the fatherly leader into strength and courage and stood up like a mountain. Our people know well how the people who are blessed with the leader [suryong] should uphold the leader [suryong]. Our people will firmly rally around the dear leader Comrade Kim Chong-il as the respected and beloved leader wished in his lifetime, uphold his leadership with wholehearted loyalty and filial duty, add further luster to the chuche socialist fatherland which our leader founded and brought into bloom, and complete the leader's cause generation to generation.

Construction of 'Gift Plant Greenhouse' Reported

SK1908104994 Pyongyang KCNA in English 1027 GMT 19 Aug 94

[Text] Pyongyang, August 19 (KCNA)—The construction of another gift plant greenhouse is under way at the central botanical garden situated at the foot of scenic Mt. Taesong of the capital city of Pyongyang. The foundation project has been completed.

The greenhouse with a floor space of more than 6,000 square metres will be used for cultivating thousands of species of rare gift plants sent to the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il from the five continents.

The greenhouse of peculiar and modern architectural style will consist of an exhibition hall, temperate, tropical and subtropical plant rooms. Nice artificial falls, fountains, waterways and stones of mysterious shapes will be distributed in the form of the Korean-style natural park to give the impression of a beautiful natural park rather than a greenhouse.

The ceilings of some rooms are more than 10 metres high for the growth of such tropical plants as banana, while others have ponds for southern aquatic plants.

The greenhouse will be fully furnished with modern equipment and scores of rooms for growing the gift plants on a scientific and technical basis. And there will be outdoor display stands of 10,000 square metres to exhibit gift plants in summer.

The Kimilsongia greenhouse, Kimchongilia greenhouse and other modern gift plant greenhouses have already been built in the central botanical garden.

South Korea

U.S.-North Plan Liaison Before Nuclear Solution

SK1908025894 Seoul CHOSON ILBO in Korean 19 Aug 94 p 1

[Report by Chong Hae-yong from Washington]

[Text] It has been learned that the Clinton administration worked out a tentative plan to mutually establish liaison offices in the capitals of the United States and North Korea late this year even before the North Korean nuclear problem is resolved, and to continue nuclear negotiations thereafter.

It was also learned the United States, retreating from its previous position to link the resolution of the North Korean nuclear issue with an improvement of relations, has tentatively agreed with North Korea to mutually establish a liaison office as a first step toward improving relations, thus attracting the people's attention.

A well-informed diplomatic source in Washington said on 18 August that the two sides agreed to separate the nuclear issue from the improving of relations. They also agrred to hold experts' talks late this month or early next month in Washington to discuss the issue of establishing liaison offices, as well as another set of experts' talks to discuss support for converting light-water reactors and alternative energy in Pyongyang.

Believing a considerably long time will be necessary for "a broad range of and thoroughgoing resolutions" of the North Korean nuclear problem, the Clinton administration deemed it more beneficial to hold intensive negotiations in Washington and Pyongyang over the North Korean nuclear and other imminent issues, including missiles exports and support for terrorism, by establishing mutual liaison offices first.

This source revealed that North Korea has already begun to seek rooms for its liaison office in Washington.

Another source predicted Japan will directly hold negotiations with North Korea without going through the United States to discuss measures for supporting North Korean light-water reactors.

Concerning this, U.S. State Department spokesman Mike McCurry stated the United States has not made a final decision on the method of support for light-water reactors, and will continue discussing the issue with the ROK and other relevant countries.

Former U.S. Envoy Discusses U.S.-North Accord

SK1908054694 Seoul YONHAP in English 0517 GMT 19 Aug 94

[Text] Tokyo, Aug. 19 (YONHAP)—The United States and North Korea are expected to reach, within this year, an agreement that would elucidate the establishment of diplomatic representative office in each other's capital and U.S. assistance to North Korea's light-water nuclear reactor program, a former U.S. ambassador to Seoul said Thursday [18 August].

Donald Gregg said in an interview with KYODO news service in New York that North Korea's freezing of nuclear weapon's program would be easy because it still is in its infancy.

He said the United States and North Korea will be able to reach an agreement, by the end of this year, clarifying each step to put into practice the installation of diplomatic missions and the assistance for the light-water reactors since South Korea and Japan are showing forward-looking attitudes.

Touching on the internal affairs of North Korea, Gregg predicted Pyongyang is likely to announce Kim Chong-il's inauguration as the general secretary of its ruling (Workers') party and the state president on Sept. 9, the national foundation day of North Korea.

International Dynamics of Geneva Accord Noted

SK1908055194 Seoul THE KOREA HERALD in English 19 Aug 94 p 2

[By staff reporter Kim He-won]

[Text] Most of what the United States has promised to North Korea in return for abandoning its nuclear weapons program are matters that cannot be solved by the United States alone.

Cooperation of regional countries including Japan, China and Russia, not to mention South Korea, is essential.

How to coordinate the national interests among the countries concerned is, in fact, a major task that was left out in the Aug. 13 agreement in Geneva between the United States and North Korea.

The first test will be on how to provide assistance in the construction of light-water nuclear reactors in the Communist country. Now the countries concerned have to divide their roles including the sharing of the financial cost in building the reactors.

Assistant Secretary of State Robert Gallucci, who represented the United States during the Geneva talks with North Korea, is scheduled to tour South Korea, Japan, China and Russia later this month to do this job.

The United States, however, has already revealed its intention not to finance the construction project.

After returning from his North Korea trip in June, former U.S. President Jimmy Carter told South Korean reporters that Kim Il-song of North Korea, who understood that the United States would not pay for the project, wanted Washington to make the necessary arrangements.

The United States is also reluctant to provide technology. It is a member of the London Nuclear Suppliers Group, whose guideline prohibits transfer of nuclear technology to countries which do not carry out safeguard measures.

In addition, Washington cites difficulty with several related domestic laws which ban economic and technological exchanges with such countries as North Korea. Those include the Trading With the Enemy Act, Export Administration Act, Foreign Assistance Act and Arms Export Control Act.

Japan, on the other hand, has voiced its intention to provide financial assistance. But it is not clear whether North Korea would accept the offer because Tokyo reportedly wants to pay the money as part of compensation for its colonial rule over North Korea from 1910 to 1945.

North Korea has demanded Japan pay compensation for its colonial rule during talks on the normalization of ties with Tokyo in the past.

Compared with these countries, the South Korean government has been much more active in agreeing to share the cost for building the North Korean nuclear reactors for its own motivations.

Seoul accepts it as the cost for easing tensions on the Korean peninsula, which is vital for its stability, and for unification in a longer-term view.

But its willingness is conditional. The construction should be made under the initiative of South Korea. It also wants to build reactors similar to the South's in view of future inter-Korean relations.

Observers in Seoul say the government may have to provide 50-70 percent of the total necessary funds to build two 1,000MW [megawatt] reactors, which is estimated at about $4 billion. The United States agreed to arrange 2,000MW-scale reactors for North Korea after negotiations on the North Korean demand for four 440MW reactors.

But it is not that easy for the South Korean government to mobilize that amount of money. While some people are for the government idea of supporting the project, others are against providing assistance to the terrorist regime in the North, which killed millions of South Koreans.

Deputy Prime Minister Yi Hong-ku Wednesday called on the United States and Japan to share the cost for financing the project. President Kim Yong-sam, on his part, stressed to the nation that the assistance is not being considered simply for settling the nuclear matter but for welfare of the whole nation while making a speech Aug. 15.

Both the statements by Yi and Kim reveal the government efforts to justify the government decision to provide money to North Korea.

But there have already been signs that Kim's government may not obtain a consensus smoothly from the public and other politicians.

Opposition leader Yi Ki-taek told reporters Wednesday that he would force the government to get the approval of the National Assembly before it pays the sum.

Under the Korean Constitution, the government needs the approval of the National Assembly when it concludes accords or treaties that will levy a large financial burden on the people or when it is engaged in contracts causing financial burdens to the state in addition to the regular budget.

Poll: Majority Agree To Finance DPRK Reactor

SK1908113594 Seoul CHUNGANG ILBO in Korean 19 Aug 94 p 1, p 3

[Report by Kim Haeng on poll conducted by CHUNGANG ILBO on 18 August on support for financing North Korea's light-water reactor system and South-North relations]

[Text] Most of the people we polled are willing to pay a tax to provide financial support for North Korea's switch to a light- water reactor system, presupposing North Korea guarantees its nuclear transparency. Most people reacted positively to the North Korean-U.S. agreement reached at their recent high-level talks, anticipating it will help improve relations between South and North Korea.

CHUNGANG ILBO conducted a telephone poll of 718 men and women aged 20 or over across the country, except Cheju island, on 18 August. According to the poll, 47 percent of the total respondents said "we should provide support for North Korea's switch to a light-water reactor system if North Korea freezes its present and future nuclear development programs"; 37.9 percent said "we should provide support after transparency of North Korea's past, present, and future nuclear activities has been guaranteed"; and 7.6 percent said "we should give unconditional support."

This means 92.5 percent of the total respondents reacted positively to the plan to provide support for North Korea's switch to a light-water reactor system. Only 7.2 percent said "we do not have to provide support."

Regarding the imposition of an additional tax to raise funds to help North Korea build light-water reactors, 13.8 percent expressed their intention to provide active support, stating that they "will pay the tax no matter how large the amount"; and 60.7 percent answered they are "willing to pay the tax unless it is an excessive burden." Summing up, 74.5 percent, approximately seven out of 10 people, expressed their willingness to pay the tax. In addition, 20.2 percent answered they "would not pay it, if possible"; and 5.4 percent said they "never want to pay it."

According to the poll, 61 percent said "credit assistance" is desirable, while 37.6 percent said "grant-type aid" is desirable; 60.5 percent expressed the hope "the seven advanced Western countries, the ROK, the United States, and Japan will provide joint support"; 28.9 percent expressed the hope for "joint support by the ROK, the United States, and Japan"; and 10.2 percent said "the ROK should bear most of the expense."

Regarding the National Assembly's motion to provide support for North Korea's switch to a light-water reactor system, 63.1 percent said it "should be adopted without fail," 26.0 percent said "it should be adopted if circumstances allow." That is, 89.1 percent agreed to the need for the National Assembly to carry a motion for the issue.

Regarding the result of North Korean-U.S. high-level talks, 14 percent said it will help improve South-North relations "very much," and 54.8 percent said it will be "relatively" helpful. Thus, 68.8 percent, about two out of three people, believe "it will help improve South-North relations." On the other hand, 28.3 percent answered it "will be of no particular help," and 2.6 percent answered it "will be of no help."

More than half of the respondents, 51.2 percent, suspect the North Korean-U.S. agreement, saying: "North Korea and the United States valued their own interests more than North Korea's nuclear transparency." Although, 43.4 percent assessed it somewhat positively, saying: "Although nuclear transparency was not guaranteed, an opportunity [kyegi] to it was prepared."

Asked if the opening of North Korean and U.S. liaison offices would help to resolve South-North issues, 51.3 percent answered "yes," and 48.3 percent noted the "possibility of ROK's isolation."

Regarding the ROK-U.S. cooperation system, 57.1 percent said it was "not satisfactory, but acceptable," and 6.6 percent said it had been "maintained well." However, 36.1 percent said: "Our government has been isolated."

Regarding the prospects for North Korea's implementation of agreements, such as the joint declaration on denuclearization of the Korean peninsula, 57.3 percent answered negatively—"not well" (49.8 percent) and "never" (7.5 percent)—and 42.6 percent answered positively—"very well" (8.8 percent) and "generally" (33.8 percent).

Regarding the linkage between the nuclear issue and economic cooperation, 70.6 percent said "we should suspend economic cooperation until nuclear transparency has been guaranteed," while 28.6 percent said "the two issues should be split, considering the improvement of South-North relations and ROK companies' advance into North Korea." This shows people regard North Korea's nuclear transparency more important than economic cooperation. However, many young and highly educated professional people desired the division of the two issues.

Regarding a South-North summit with Kim Chong-il, 68.6 percent expressed the hope that it will be held "after the North Korean situation becomes stable," 28.1 percent expressed hope for an early summit, and 3.3 percent oppose a summit. Far more than other groups, 40.5 percent of students expressed the hope for an early summit.

The sample group was chosen at random from a telephone list from each region, in proportion to population.

The allowable error in this survey is plus or minus 3.7, and the margin of error is 95 percent [number as published].

Government Plans Task Force on DPRK Energy

SK1908043694 Seoul YONHAP in English 0236 GMT 19 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—The government is to soon form an inter-ministerial working-level team to seek possible ways to provide alternative energy to North Korea during its transition to a new reactor system, officials said Friday.

Acting on the judgement that Seoul will ultimately have to assist North Korea with energy supply, the team will be in charge of technical study and mapping cooperation with other potential supply countries, officials said.

Officials said North Korea did not reject a U.S. offer to make arrangements for provision of South Korean and Chinese electric power in return for the freezing of its graphite-moderated nuclear reactors, both in operation and under construction.

The United States made the offer during its nuclear talks with North Korea in Geneva last week as a response to Pyongyang's request that Washington provide energy alternatives until construction of the U.S.-offered light-water reactor power plant is completed.

In case South Korea supplies power to North Korea, the costs will be taken as its contributions to the consortium to be formed in support of North Korea's plan to replace graphite-moderated reactors with light-water models, officials said.

North Electric Power Production Capacity Viewed

SK1908083194 Seoul MUNHWA ILBO in Korean 19 Aug 94 p 1

[Text] At the first meeting of the third round of North Korean-U.S. talks, the United States promised to provide assistance to convert North Korea's graphite-moderated reactors into light- water reactors in return for North Korea freezing its nuclear program. It is said, however, that because it will take a protracted time of five to 10 years to build a light-water reactor, "supplying substitute energy" during this transitional period is needed to substantially solve North Korea's present serious electric power situation.

Hence, what is urgently needed for North Korea to solve its immediate serious electric power problem prior to the construction of a light-water reactor system is believed to be 14.5 million tonnes of coal, which is needed to operate its existing thermoelectric power plants at full capacity, and the capital required to replace its outworn power production facilities.

Accurate statistics are not presently available regarding North Korea's electric power production capacity. The United Nations reports that as of 1990, North Korea's power production capacity is 9.5 million kw (hydroelectric power 52.6 percent and thermoelectric power 47.8 percent) while the ROK Unification Board estimates it to be 7.142 million kw (hydroelectric power 60 percent and thermoelectric power 40 percent).

North Korea has announced that it produced 55.5 billion kw of electricity in 1990. The ROK Unification Board estimates, however, that it produced only 27.7 billion kw, half the amount North Korea reported. Only half of North Korea's total electric power demands, from 50 to 60 billion kw, is met by 27.7 billion kw.

Since the 1960's North Korea has been stepping up the building of thermoelectric and hydroelectric power plants in an effort to solve such a difficult electric power situation. During the Third Seven-Year Plan period (1987-1993) North Korea planned to complete building eight large-scale hydroelectric power plants, seven thermoelectric power plants, and four atomic power plants with the former Soviet Union's assistance. However, this plan was not successful.

According to the data from the ROK Unification Board and the U.S. CIA, the growth rate of North Korea's electric power production has been weakening since the late 1970's. In particular, North Korea's electric power situation has been deteriorating since the late 1980's due to the lack of new investments in thermoelectric and hydroelectric power plant construction and due to the insufficiency of maintenance of the existing power facilities.

Also, all North Korean thermoelectric power plants use coal, except for the Unggi power plant, which uses crude oil. Hence, it is estimated that the present stagnation in coal production in North Korea is another major reason for its electric power shortage.

'Severe Energy Crisis' in North May Affect South

SK1908064894 Seoul THE KOREA HERALD in English 19 Aug 94 p 8, 9

[Text] It is well known that North Korea has been experiencing a severe energy crisis. Although its energy industry is outdated, the isolationist regime has been unable to secure the capital and technology needed to modernize and expand it.

Energy experts in the South have been worrying that when left unattended, the outdated energy industry in the North may push up the cost of reunification and impose a huge burden on the South.

According to these experts, the North has reached a point where it can no longer follow a self-reliance energy policy because the crisis is too acute.

They note that the North should stop relying only on Russia and China and seek cooperation with other countries, especially with the South.

Then, how can the South help the North, tide over its energy crisis?

According to a report by the Korea Energy Economics Institute, inter-Korea cooperation in the energy sector should be pursued with reunification in mind.

When the North is assumed to consume energy at the same level with the South around the year 2010, the institute estimates that the amount of energy additionally required is tremendous—85.2 million tons of oil equivalent which amounts to about 84 percent of the South's total energy consumption in 1991.

To meet an energy requirement of this magnitude, a vast amount of money will have to be poured into new energy facilities.

In addition, energy consumption systems of the two Koreas are different, causing additional cost in linking the two systems.

Inter-Korea cooperation in the energy sector, hence, needs to begin as early as possible to reduce the reunification cost, according to the report.

As the primary avenue of cooperation, the report recommended joint participation in the development of oil and gas fields in East Siberia.

A group of South Korean firms are currently participating in international consortia for the development of the gas fields in Sakha and Sakhalin.

The two Koreas, when they together join in these consortia, will be able to demand more favorable terms from other consortium members because they are the key consumers of the developed energy resource, the report pointed out.

North Korea will also be able to use its workers in building the roads ports and other infrastructures that are needed in the development projects.

When the Siberian oil and gas fields are developed, long pipe lines will be constructed to supply oil and gas from the fields to the two Koreas and Japan.

This may give North Korea a chance to emerge as the hub of the North East energy market by building large LNG [liquefied natural gas] storage facilities and oil distribution complex, according to the report.

In building these facilities, the South and North can cooperate, with the South providing capital and technology and the North supplying cheap labor.

The two may even be able to jointly manufacture for exports power generation equipment and oil refining plants.

Also, the two Koreas can exchange energy resources such as coal, petroleum products and electricity.

For instance, anthracite coal is in oversupply in the South because of a shift in energy consumption toward oil. The surplus coal and the idle manufacturing facilities for coal briquettes can be supplied to the North.

The South can also send to the North its surplus heavy petroleum products which are in short supply there. The demand in the South for petroleum products has shifted to light products which pollute the environment less than heavy products.

If the two Koreas operate their oil refineries jointly, purchase crude oil together and link their oil pipe lines, they can enjoy economies of scale, the report noted.

In the electricity sector, the room for cooperation is great because the consumption patterns of the two Koreas are complementary.

For example, the South consumes more electricity in summer than in winter while in the North, the opposite is true. The North can send electricity to the South in summer while the South sends North in winter.

In addition, the South can help the North build power plants as it has difficulty in selecting the sites for such plants.

Contingency Plans for 'Abrupt' Unification Noted

SK1908062594 Seoul YONHAP in English 0604 GMT 19 Aug 94

[Text] Seoul, Aug. 19 (YONHAP)—The South Korean Government is reportedly working out comprehensive contingency plans to cope with a possible abrupt collapse of the North Korean regime.

Such work is undertaken under an assumption that disturbances might erupt in Pyongyang as a result of food shortages, economic difficulties and internal conflicts of the North Korean establishment so that national reunification might be achieved abruptly.

President Kim Yong-sam said Thursday [18 August], "No one knows when unification will come. The government should make flawless preparations for a sudden unification."

A government official said Friday that, based on such presidential instruction, related government agencies and research institutes were formulating "comprehensive and step-by-step plans" in preparation for unification.

Priority in the programming scheme, according to the source, is given to areas requiring most urgent attention if and when the Pyongyang regime falls down. These areas include the supply of food and electricity to North Korea. Also being studied are plans for a massive exodus of North Korean refugees to the South and China.

The comprehensive contingency plans under formulation cover connection of land, sea and air routes between the South and the North, creation and expansion of unification fund, and inter-Korean land re-development. Drafting of a unified constitution and realignment of laws related to inter-Korean relations and formulation of unified all-Korea armed forces are also included in the plans.

The government at the same time intends to ensure military preparedness and improved combined South Korea-United States defense posture just in case North Korea resorts to a surprise attack against the South in an attempt to put down internal disturbances.

Kim Tae-chung Proposes N-S Summit in Washington

SK1908041094 Seoul THE KOREA HERALD in English 19 Aug 94 p 2

[Text] Former opposition leader Kim Tae-chung has proposed an inter-Korean summit in Washington through the mediation of U.S. President Bill Clinton, a Japanese news agency said Wednesday [17 August].

Answering a questionnaire from KYODO News Service, Kim suggested that leader of South and North Korea hold a summit in Washington if the U.S.-North Korea high-level talks, scheduled to resume next month, proceed smoothly.

The news agency quoted Kim as saying, "It is worth considering asking President Clinton invite South Korean President Kim Yong-sam and North Korean de facto leader Kim Chong-il to Washington for an inter-Korean summit."

The two Koreas were to hold a summit in Pyongyang July 25-27 but the inter-Korean highest-level talks were delayed indefinitely due to the sudden death of North Korean President Kim Il-song July 8.

Kim, chairman of Kim Tae-chung Peace Foundation for the Asia- Pacific Region, a research institute on ways to help reunite the divided Korea peacefully, also told KYODO that there is a high possibility that North Korea will comply with the summit mediation by Clinton because the Pyongyang regime feels a need to get closer to the United States.

As a base for his forecast, Kim pointed out that North Korea needs to escape from its economic isolation by international society.

Citing friction between the young and the old, and the strong influence of the military in society as possible causes of internal conflict, Kim was quoted as saying, "North Korea will face a crucial period over the next two or three years under the leadership of Kim Chong-il."

Kim's proposal on the inter-Korean summit is drawing attention because it came at a time when a concern is high that South Korea may be isolated in the process of rapidly improving relations between North Korea and Western countries such as the United States and Japan, despite the government announcement on close coordination between Seoul and Washington on North Korea policy.

The United States and North Korea last week agreed to establish diplomatic representation in each other's capitals and to reduce barriers to trade and investment as a move toward full normalization of political and economic relations.

Rep. Namkung Chin of the main opposition Democratic Party, a close aide to the former opposition leader Kim, said, "Kim's proposal of the inter-Korean summit in Washington seems to say that if the Seoul government accepts a mediation by Clinton on the talks, the Pyongyang government cannot help but accept it."

Earlier in May when the relations between South and North Korea had worsened over the latter's suspected nuclear program, Kim proposed that former U.S. President Jimmy Carter be sent to Pyongyang as an emissary to help resolve the nuclear issue.

Kim Discusses Chusapa, DPRK With Lawmakers

SK1708064294 Seoul HANGYORE SINMUN in Korean 17 Aug 94 p 2

[By reporter O Tae-kyu]

[Text] On 16 August, President Kim Yong-sam said that it seems that the inauguration of North Korea's Kim Chong-il regime is being delayed because of Secretary Kim Chong-il's health problems.

President Kim said the above in a dinner meeting with newly elected and reelected lawmakers of the ruling Democratic Liberal Party invited to Chongwadae [presidential offices] by the president that day. Regarding the recent North Korean-U.S. talks, he said: "It is true that the talks have brought good results, but there are still many difficulties to be overcome." According to a lawmaker who was present at the dinner, regarding the leftists group following North Korea's chuche philosophy, President Kim said that he "will completely eradicate its root."

Present at the dinner meeting were lawmakers Cho Yong-chik, O Chang-sop, Choe Ton-ung, Kim Chan-u, Kim Tu-sop, Sin Chae-ki, Yun Tae-kyun, Yu Chong-su, Yi Yong-sam, Yi Ho-chong, and Yi Kon-yong.

Pak Hong: 'Chusapa' Infiltrated Politics, Press

SK1508082594 Seoul YONHAP in English 0244 GMT 15 Aug 94

[Text] Seoul, Aug. 15 (YONHAP)—Sogang University President Pak Hong has alleged that "chusapa" members have infiltrated South Korea's religious circles, pressdom and political parties as well as the campus, the HANGUK ILBO reported Monday [15 August].

"Chusapa" refers to followers of the late North Korean President Kim Il-song's chuche or self-reliance ideology.

In a dispatch from Los Angeles, the daily quoted Pak as having claimed: "About 750 chusapa members are actively maneuvering in a certain opposition party in an attempt to emerge as mainstreamers in next year's local elections."

In an exclusive interview with the newspaper, President Pak who is also a Catholic priest expressed his willingness to openly report to pertinent authorities evidences of his allegations if personal safety is guaranteed for those who have provided him with the information.

Opposition Democratic Party Leader Yi Ki-taek was apparently stunned by Pak's latest allegation Monday when he said: "Should one has concrete evidence, he must report it to the government. If everyone made allegations, what on earth could we expect the government to do?"

Pak, meanwhile, returned home Sunday from his U.S. trip.

Reports 750 Chusapa Members

SK1908084894 Seoul YONHAP in English 0824 GMT 19 Aug 94

[Text] Seoul, Aug. 19 (YONHAP)—Sogang University President Pak Hong has said that he had been told by a person formerly affiliated with a dissident activist group that there were about 750 "chusapa" members, followers of North Korean chuche ideology of self-reliance, active in various walks of social life.

The former activist offered the revelation "through a religious procedure (confession)," Pak reportedly told prosecutors when answering a set of enquiries last Tuesday.

The university president, who is also a Catholic priest, did not allege that chusapa members infiltrated even the ruling party, prosecutors said.

With regard to his controversial remarks on the alleged existence of university professors who had studied on scholarships provided by North Korea, Pak disclosed that he had heard it from a North Korean scholar he met two to three years ago at an international seminar, prosecutors said.

Pak said that he himself had not heard of the names of the alleged recipients of the North Korean scholarship. "As far as I know, the scholarship has been suspended due to financial difficulties in the wake of the collapse of the East European communist regimes," Pak reportedly said.

The prosecution was known to have failed to secure decisive clues to the real picture of the chusapa organization from among various articles extended by Pak as reference material.

U.S., Japan, PRC Promote Projects in North

SK1908122594 Seoul YONHAP in English 1201 GMT 19 Aug 94

[Text] Beijing, Aug. 19 (YONHAP)—With the recent U.S.-North Korea Geneva agreement as a momentum, the United States, Japan and China are poised to make economic inroads into North Korea, economic sources here said on Friday.

The sources said these countries seem planning to furnish massive economic assistance to North Korea once the proposed support for 4- billion-dollar light-water reactors in North Korea takes concrete shape.

This would be in addition to significant advancement by South Korea which they said is bound to share the brunt of the 4 billion dollars needed to finance the light-water reactors.

Washington, the sources said, is known to have promised to provide a fund for North Korea to secure substitute energy pending the completion of light-water reactors.

"The Clinton administration seems placing quite a weight at economic interests stemming from improved relations with North Korea," one of the sources said.

Japan, sensing that North Korea would before long freeze its nuclear project and open itself up, has been promoting a set of economic projects related to the development of the Diamond Mountain and the free trade zone of Rajin and Sonbong, they said.

According to the sources, Japan has for long been leveling ground for their economic advancement to North Korea mainly through some major trading houses like Marubeni Corp. and the Northeast Society being supported by former Japanese Premier Noboru Takeshida.

North Korea, they said, has awarded a contract to a Canadian engineering firm for the blueprint of a huge Mt. Diamond resort complete with hotels in a policy to induce about 3 million tourists a year to the scenic mountain area.

The sources said that China seeks to strengthen its political and economic ties with North Korea in a bid to keep any expanded influence of the United States and Japan away from Pyongyang, its time-honored ally.

In this connection, China has been shipping greater amounts of foods and energy to North Korea since the death of Kim Il-song than before.

Besides, China has in principle agreed with North Korea [as received] to provide a substantial amount of economic assistance at the request of economically hard-pressed North Korea, the sources added.

Rumors About Kim Chong-il's Health 'Spreading'

SK1908074594 Seoul YONHAP in English 0725 GMT 19 Aug 94

[Text] Seoul, Aug. 19 (YONHAP)—As Kim Chong-il has not yet ascended to the pinnacle of power in North Korea though more than 40 days have elapsed since his father, Kim Il-song, died, rumors about the junior Kim's ill health are spreading here.

Even the news report that Presidents Kim Yong-sam and Bill Clinton shared in their telephone conversation Wednesday a view that the situation of North Korea is shaky and unpredictable is related to such rumors.

But Chongwadae [presidential offices] and administration officials deny the rumors, saying there is no concrete evidence supporting them. The view of North Korea Kim and Clinton shared is indicative of the two governments' guarded approach to North Korea, they say.

But they point to the fact that Kim has not yet assumed the two key posts—general secretary of the Workers' Party and president of the state—in spite of more than 40 days after his father's death. On top of this, informed sources in China recently said Kim Chong-il is in poor shape.

"There is no solid evidence supporting the rumors about Kim Chong-il's ill health," says a Chongwadae official, "but it looks true that he is not in good shape."

Noting that Radio Pyongyang recently aired an elementary school pupil's letter praying for Kim Chong-il's good health, he asks, "If he is in a condition that an elementary school kid must be concerned for his health and that the central broadcasting station must air the kid's concern, there must be something wrong with him, mustn't there?"

Kim looked haggard in the memorial meeting for his late father held on July 20 and has not since shown up in official functions. The official says this has something to do with the rumors about his ill health.

Other officials attribute the delay in Kim Chong-il's formal rise to power to North Korea's scheme to make a myth of its new leader or a power struggle in the inner circles of North Korea's leadership.

But this view looks unconvincing, because Kim Chong-il must show up before the public to demonstrate his leadership now that over 40 days have passed since his father's death. And if there is a power struggle, there must be some signs of such struggle, but there hasn't been even a bit of such signs.

So, not a few Chongwadae and administration officials agree that it is highly likely that Kim Chong-il has not yet become the party's general secretary and the state's president because of his poor health.

One of them says, "considering his haggard look in the memorial meeting of his father last month, it may be true that Kim is in poor shape. He looked much thinner than before in the television show of the meeting and it is likely that he is a diabetic."

Kim Chong-il Underwent 1989 'Brain Surgery'

SK1908031994 Seoul CHOSON ILBO in Korean 19 Aug 94 p 2

[Text] At a time when rumors are spreading that Kim Chong-il is in a poor state of health, military intelligence officers who recently visited the PRC have confirmed from an intelligence source within the Chinese Army that Kim Chong-il underwent secret brain surgery from a Chinese medical team in the late eighties, which draws special attention.

According to an ROK military intelligence source, when a group of our military intelligence officers visited the PRC early this month as part of an exchange of intelligence between the two countries, a Chinese military intelligence officer reported: "In the late eighties, a high-ranking North Korean official came to the PRC and requested the dispatch of a Chinese medical team, stating 'a very important figure in his fifties, whose identity cannot be revealed, needs to undergo brain surgery. We want a medical team to be sent in secret'."

According to this request, a Chinese medical team went to North Korea, escorted by the high-ranking North Korean official, and conducted surgery on the brain of the man in question.

North Korea did not reveal the identity of the man. However, an analysis by the Chinese intelligence authorities revealed he was Kim Chong-il.

It was learned that at the time Kim Chong-il was not suffering brain damage caused by an accident, but from serious brain trouble to the extent that it required surgery. It was also learned that, because of this, the Chinese intelligence authorities estimated Kim Chong-il would die before Kim Il-song.

In 1989, Kim Chong-il did not appear in public meetings for eight months; because of this, speculation circulated that Kim Chong-il was suffering from a serious brain illness. Based on this, the ROK authorities presumed he must have undergone brain surgery during that period.

North 'Close To Agreeing' on Firm in Austria

SK1408052194 Seoul THE KOREA HERALD in English 14 Aug 94 p 8

[Text] North Korea is close to agreeing the setup of a joint-venture firm in Wolfsberg, Austria, to export ginseng, paintings and embroidery cloth to the European country.

According to the Korea Trade Promotion Corp. (KOTRA)'s Vienna office, North Korea and an Austrian firm are coming close to the establishment of the $270,000-worth joint venture.

"Through this proposed joint venture, the Pyongyang regime aims at increasing its exports to Western Europe to escape from its prolonged economic recession," the office said.

Following the establishment of the joint-venture firm, North Korea will likely accelerate its efforts to expand economic ties with other European countries, it said.

In connection with the joint-venture project North Korean Ambassador to Austria Kim Kwang-sop, a son-in-law of the late Kim Il-song, has recently visited the Austrian city, according to KOTRA.

The proposed joint venture is to export paintings without frames to reduce transportation expenses, it said.

Until now, North Korea has established 13 joint ventures or wholly-owned firms in Austria.

Ministry Reports on U.S.-Seoul Tax Negotiations

SK1908024794 Seoul YONHAP in English 0108 GMT 19 Aug 94

[Text] Seoul, Aug. 19 (YONHAP)—Seoul is expected to change National Pension Law soon so that it can agree with Washington on exempting short-staying businessmen of the two countries from social security taxes, Foreign Ministry officials said Friday.

South Korea strongly demanded a U.S. social security payment waiver at last month's talks, the first of its kind, but was told that Washington is willing to do so only after Seoul changes its relevant domestic laws.

The current pension law in South Korea does not cover foreigners and will need revision, officials said.

The revision bill will be tabled at next month's regular National Assembly session, and the agreement on tax exemption is most likely to be reached in principle at the next talks with Washington sometime in the fall, they said.

The waiver will cover businessmen who stay five years or less in each other's country.

Seoul has raised the issue with Washington on the ground that most South Korean businessmen dispatched to the United States return in about five years.

U.S. law stipulates that a person must pay social security taxes for at least 10 years in order to reclaim benefits.

Ministry officials said they want to set up a system under which those who stay longer than five years and pay social security taxes in the host country can have their payment records counted in the home country as well.

This measure is designed to guarantee social security benefits for nationals who have to stay overseas for long periods and cannot pay taxes to their home government.

U.S. 'Pressure' on Automobile Markets Criticized

SK1908070894 Seoul CHUNGANG ILBO in Korean 19 Aug 94 p 3

[Editorial: "Pressure on Using U.S. Automobiles for Government Officials"]

[Text] Concerning the opening of the automobile market, the United States finally put forward a demand which may be described as an act of interference in domestic affairs. We cannot but express displeasure over the demand, apart from its lack of economic logic. The United States demanded that our government organizations purchase foreign-made automobiles, that government officials carry out advertisement campaigns to improve consumers' consciousness of foreign-made automobiles, and that a civilian-government special committee be formed within the government. Is this not interference in domestic affairs? If our side demanded that the U.S. Government purchase our steel-iron and electronic products, and that Americans carry out advertisement campaigns, would the United States accept this as reasonable?

We cannot but express regret over the U.S. demand that goes counter to even common sense. We believe the demand that the government should purchase automobiles produced by a certain country is unreasonable and cannot be raised even by central government toward a local government within a nation. No government organization would buy foreign-made automobiles by pushing aside their own domestic-produced automobiles. As for the ROK in particular, if its government organizations take the lead in purchasing foreign-made automobiles, they will be subject to stern denunciation by public opinion. Besides, it will be very difficult to prevent an unfavorable impact on our automobile industry.

We can comprehend the U.S. demand that we should increase the share of U.S.-made automobiles in our domestic markets to the extent of our advancement of Korean automobiles into U.S. markets. Considerable progress has been made in negotiations between the two countries over this issue. However, the United States is continually adhering to this method to resolve a trade issue, which should be resolved through consultations among multilateral parties under the World Trade Organization system, by pressing that the issue is one between two countries. Indeed, this presents a problem. Besides, we cannot accept the demand for opening our markets to the same level as the Japanese markets.

The Ministry of Trade and Industry concealed the U.S. demand for a considerable period of time on the pretext "it may instigate anti- U.S. sentiment in the people." However, the attitude of the ministry is not agreeable. What should be revealed should be revealed, and what cannot be done should be expressed as impossible. Above all, it is urgent to work out measures for strengthening our own competitive power in the automobile industry.

'High-Handed' U.S. Approach to Auto Trade Issue

SK1908032894 Seoul THE KOREA HERALD in English 19 Aug 94 p 1

[Text] The high-handed approach of the U.S. government to the auto trade issue with Korea has gone beyond the limit and hit the level of "intervention" in Korea's domestic affairs, a government official asserted yesterday.

The United States has put forward "inordinate" demands that Korea as a sovereign country can by no means accept, said the official who wanted to remain anonymous.

According to the official from the Ministry of Trade, Industry and Energy (MOTIE), the U.S. demands were delivered through a letter sent late last month by U.S. Trade Representative Mickey Kantor to Minister Kim Chol-su.

Kantor's letter was the official U.S. response to the package proposal Korea presented a month earlier in Washington to resolve the ongoing friction between the two countries over Korea's opening of the domestic passenger car market.

According to the official, Kantor generally welcomed the Seoul package which suggested, among other things, the lowering of the import tariff rate on autos from 10 percent to 8 percent.

The package also included diverse measures aimed at improving the general public's perception of imported passenger cars.

What annoyed MOTIE officials, however, was a three-page note attached to the letter in which working-level U.S. trade officials made a long list of "unacceptable" demands.

According to the MOTIE source, Washington demanded that the Seoul government or government officials offer periodic press releases, speeches and briefings to the mass media to improve people's perception toward foreign cars.

U.S. officials also suggested the ministry set up a consumer interest office as well as a government-industry committee to promote the sales of imported cars.

Going a step further, Washington demanded Korean government agencies purchase foreign cars for official use, a demand which the MOTIE official said even a central government will not make to its local governments.

"In a word, these demands are not worth consideration," the official said flatly.

In its letter to the Korean government, Washington said it wants additional talks, preferably late this month, to resolve the auto issue.

"If Washington's intention is to raise these issues at the talks, we think such talks are unnecessary," the official added.

The United States also said in the letter that it wants a "written understanding" on the auto issue. The ministry has also decided to reject this demand.

"We have done our vest to accommodate Washington's demands. As far as improvement of the institutional arrangement is concerned, there is little left that we can do," the official said.

The ministry admits that talks are necessary to discuss detailed measures that the two sides need to jointly implement to improve people's perception toward imported cars.

"The measures, however, do not include those suggested by Washington" the official emphasized, adding that U.S. officials should know that Korea has changed from an authoritarian society to a democratic one.

"As everybody knows, things have changed here. A democratic government cannot act like an authoritarian one," he said.

Minister Kim will soon write a letter to Kantor to this effect, according to the official.

According to an industry expert, the minister should strongly protest Washington's "interference" in domestic affairs.

PRC Premier Reportedly To Visit in 'Late Oct'

SK1908030894 Seoul SEOUL SINMUN in Korean 19 Aug 94 p 1

[Report by Choe Tu-sam from Beijing]

[Text] Chinese Premier Li Peng will visit the ROK in late October for the first time as the PRC's top-level government leader.

A diplomatic source in Beijing revealed on 18 August that both the ROK and the PRC reached an agreement in principle on the issue of Premier Li Peng's visit to the ROK within this year, and the two sides are discussing the itinerary. It is highly likely the timing of his visit will be late October.

The source also said that although the visit of President Jiang Zemin may not be realized in the near future, President Kim Yong-sam will meet him during summit talks of Asian-Pacific Economic Council slated for November in Indonesia. Thus, the two leaders will hold a summit in a natural manner.

Foreign Ministry Denies Reports

SK1908071394 Seoul YONHAP in English 0708 GMT 19 Aug 94

[Text] Seoul, Aug. 19 (YONHAP)—The South Korean Foreign Ministry denied reports that Chinese Premier Li Peng will come to Seoul in October, saying the visit was not yet fixed while not entirely ruling out the possibility.

Local press reports said Li will come to South Korea as the first high-ranking Chinese official to ever visit Seoul. South Korea and China normalized relations in August 1992.

"Both sides understand that a visit by Li or even by President Jiang Zemin is due, but nothing definite has been fixed," said one ministry official.

Firms Request Wholly Owned Subsidiaries in PRC

SK1908035894 Seoul THE KOREA HERALD in English 19 Aug 94 p 7

[Text] The nation's three major shipping companies have filed applications with China's Ministry of Communication (MOC) to establish wholly owned subsidiaries in China.

The three are Hanjin Shipping Co., Hyundai Merchant Marine Co. and Cho Yang Shipping Co.

Hyundai Merchant Marine plans to set up a wholly owned subsidiary in Beijing, Hanjin in Shanghai and Cho Yang in Dalian.

The three shipping firms, who filed their respective applications last week, are waiting for approval from the MOC.

Under Chinese law and regulations, the MOC must issue a permit within three months after receiving applications.

At the second Korea-China Maritime Consultation Meeting held in Seoul last June, Seoul and Beijing agreed to establish up to three wholly owned subsidiaries in each other's territory.

The agreement ensures Korean shipping companies the right to freely do business in China, including issuing bills of lading, free loading and discharging cargoes.

Cho Yang said that it plans to invest $1 million to establish its wholly owned subsidiary in Dalian and it wants to set up 18 branch offices in major Chinese cities, including Beijing, Tianjin, Qingdao and Shanghai.

Hyundai Merchant Marine also plans to establish a $1 million, wholly-owned company in Beijing, according to a Hyundai spokesman.

The official said that Hyundai Merchant wants to upgrade the status of the four existing Hyundai liaison offices in Shanghai, Tianjin, Dalian and Qingdao to branch offices.

More on PRC Envoy's Request for Investments

SK1908035794 Seoul THE KOREA HERALD in English 19 Aug 94 p 8

[Text] Chinese Ambassador to Korea Zhang Tingyan said yesterday his country will develop the automobile, petrochemical, electronics and construction sectors as its mainstay industries starting in 1996 in order to join the rank of developed countries in the next century.

China will also focus on the development of infrastructure, such as roads, highways and high-speed railways, and will modernize the country's communications network, Zhang said in Seoul in a breakfast meeting with Korean businessmen that was sponsored by the Korea Chamber of Commerce and Industry (KCCI).

He disclosed the main points of the Socialist country's five-year development plan for 1996-2000 in his speech to commemorate the second anniversary of the establishment of diplomatic relations between South Korea and China.

The Chinese ambassador called on South Korean entrepreneurs to push for large-scale investments in China, saying that their existing investments are on a small-scale level, even though the two nations' two-way trade is rising sharply.

Twenty-Nine Nations Ratify Uruguay Round Accord

SK1908083794 Seoul YONHAP in English 0728 GMT 19 Aug 94

[Text] Seoul, Aug. 19 (YONHAP)—A total of 29 nations ratified the Uruguay Round agreement establishing the World Trade Organization (WTO) as of Friday while trade giants such as Japan, the United States and the European Union (EU) will do so within this year, the Foreign Ministry said Friday.

The list of 29 countries includes Belize, Central Africa, Cuba, Dominica, Gabon, Ghana, Greece, Guinea-Bissau, Kuwait, Guyana, Malawi, Mali, Mauritania, Mauritius, Morocco, Namibia, Nicaragua, Qatar, Suriname, Uganda, Zambia, Barbados, Sri Lanka, England, Germany, Austria, Bangladesh, Bahrain and Mexico.

The United States is expected to join them sometime in October and Japan and the EU before this year is out.

More Pannational Rally Participants Arrested

SK1908033394 Seoul THE KOREA HERALD in English 19 Aug 94 p 3

[Text] The police, investigating the fifth pan-Korean national rally, yesterday arrested 34 participants in the rally on charges of violating the National Security Law, the law concerning punishment for violent acts and the special law governing assembly and demonstrations.

The rally was held on Seoul National University campus last Saturday and Sunday [13 and 14 August] with some 15,000 student activists and dissidents attending. While trying to break up the meeting, the police clashed with the participants, chiefly student activists, injuring some 200 students and policemen.

A police spokesman said that of the 1,363 demonstrators they detained for interrogation, 128 had been booked without physical detention, 796 referred to summary courts and 392 released.

Having concluded that reading North Korean congratulatory messages during the rally was against the National Security Law, the police decided to arrest all those involved in organizing the gathering on charges of violating the law.

The police had already arrested Aug. 9 two leading rally organizers, Yi Chang-pok and Hang In-song of the rally's southern headquarters, and questioned them about the congratulatory messages North Korea had sent.

The police will summon some 20 staff members of the southern headquarters for questioning about links between the rally and North Korea, the spokesman said. They include Cho Yong-sul, Sin Chang- kyun and Kim Hyon-kuk, as well as Kim Hyon who read the cables during the gathering.

The police have also spread a dragnet across the country looking for the three leading rally organizers who are now on the wanted list, Cho Song-u, acting executive committee chairman of the southern headquarters, Kim Hyon-chun, chairman of Hanchongnyon or the National Federation of Student Councils, and Yang Tong-hun, chairman of Hanchongnyon's fatherland unification committee.

The rally was deemed contrary to the National Security Law on the grounds that messages, cables and poems from North Korea were read and that it adopted a resolution calling for abolishing the security law, the spokesman said.

In addition, the rally organizers published a booklet publicizing Pyongyang's confederation unification formula and newsletters in the same vein, also in violation of the National Security Law, he added.

Han Sung-chu Meets With New Ambassadors

SK1408050094 Seoul THE KOREA HERALD in English 14 Aug 94 p 2

[Text] New ambassadors Raymond Abdo Baklini of Lebanon and Carlos Alonso-Zaldivar [spelling of names as received] of Spain met Foreign Minister Han Sung-chu last Tuesday [9 August] to hand over a copy of their letters of credentials.

The two envoys will present formal credentials to President Kim Yong-sam around Aug 31, an official at the Foreign Ministry said.

Baklini, Lebanon's first resident envoy here, is preparing for the opening of the embassy office scheduled for late this month.

OCA Registers 703-Million-Dollar Trade Deficit

SK1508083294 Seoul YONHAP in English 0614 GMT 15 Aug 94

[Text] Seoul, Aug. 15 (YONHAP)—South Korea's trade balance in July registered 703 million U.S. dollars in deficit, the largest since February this year, the Office of the Customs Administration [OCA] said on Sunday [14 August].

The office revealed South Korea's exports in July on the customs clearance basis tallied at 7,635 million dollars, up 14.6 percent from the same period of last year while its import rose 15.9 percent to 8,338 million dollars.

Accordingly, exports during the January-July period this year reached 51,420 million dollars against 55,680 million dollars of imports, resulting in a total of 4,260 million dollars in deficit.

In July, heavy and chemical products such as electronics, machinery, automobiles and chemicals led the export growth with a 21.8-percent increase rate while the goods of the light industry products posted a mere 2.3-percent increase due mainly to the decrease in the overseas sale of footwear products.

In the import sector, fuel and raw materials for light industries posted decreases while chemicals, steel, mineral and textile products went up, showing an overall 8.8 percent increase in the imports of raw materials.

Meanwhile, imports of capital goods soared 22.6 percent by an increased demand in the machinery, electric and electronic fields while those of consumer goods jumped 27.4 percent due to an increased demand in the fields of automobiles, watches and other general merchandise.

Despite the expansion of the trade deficit, the arrival of letters of credit (LC) during the month of July rose 15.3 percent from a year earlier.

Government Plans Progressive Taxation Method

SK1908054394 Seoul THE KOREA HERALD in English 19 Aug 94 p 1

[Text] Beginning in 1996, the government plans to lump income from final assets, in excess of 40 million won a year, together with other income for progressive taxation.

While lowering the maximum income tax rate and raising the minimum income tax rate next year, the government plans to cut corporation taxes and give incentives to corporations using profits for reinvestment.

These changes are some of the major revisions to the tax codes, which the government is set to send to the National Assembly next month for approval. Changes other than those for income, inheritance and gift taxes will take effect next year.

The revision of the tax codes is designed to meet changes in economic conditions—domestic changes that have followed the introduction of the real-name accounting system last year and international changes that will be brought about with the inauguration of the World Trade Organization next year.

In reforming our tax system, taxpayers will have a more equitable tax burden, corporations will gain a competitive edge and tax revenues will expand on a long-term basis," Kang Man-su, assistant minister for tax affairs, said yesterday.

He said the government also intends to prevent smuggling and tax dodging by lowering "unrealistically high rates" of the special excise tax on luxury items and reduce the cost of calculating and collecting taxes by simplifying the tax system. Progressive taxation [subhead]

When a couple earns more than 40 million won from financial assets in 1996 and afterwards, they will be required to lump together the excess amount and other incomes in their tax return for progressive taxation.

Earnings of up to 40 million won will be separately taxed at their sources at a uniform rate of 15 percent. The rate of the withholding tax, or tax levied at its source, will be lowered to 10 percent in 1997.

Currently, a uniform 20 percent of earnings on financial assets are withheld at their source as tax while other incomes are added up for progressive taxation.

Earnings of up to 40 million won will be separately taxed at their sources at a uniform rate of 15 percent. The rate of the withholding tax, or tax levied at its source, will be lowered to 10 percent in 1997.

Currently, a uniform 20 percent of earnings on financial assets are withheld at their source as tax while other incomes are added up for progressive taxation.

Incomes other than those from financial assets are now separated into six brackets for the purpose of progressive taxation. Tax rates start with 5 percent on the first income portion up to 4 million won per year and culminate with 45 percent on the last income portion in excess of 64 million won.

The revision bill to the income tax law has four tax brackets, with the minimum rate of 10 percent on the first income portion up to 10 million won and the maximum rate of 40 percent on the last income portion in excess of 60 million won. Emergency presidential order [subhead]

It was made possible to put income from financial assets and other income together for progressive taxation after President Kim Yong-sam issued an emergency order on the use of real names in financial transactions last August.

When the President ordered all people using fictitious or borrowed names for their accounts with financial institutions to convert them to real names, President Kim promised to subject earnings on financial assets to a more equitable taxation rate in 1996.

Those holding securities themselves, instead of depositing them in their accounts with financial institutions, will have a penalty 40 percent tax rate applied to the earnings on the securities. The penalty rate is designed to prevent tax dodging.

However, the government has postponed until 1998 a decision on whether or not to tax capital gains on the sale of listed stocks and other securities.

A preferential 10 percent rate will be applied to interest on certain savings deposits up to their prescribed limits while the interest in excess of the limits will be put together with other incomes for progressive taxation.

The government will also simplify income tax rates and deductions.

A 20 percent rate will be applied to an income portion in excess of 10 million won but smaller than 30 million won while the rate on the next income portion in excess of 30 million won but smaller than 60 million won will be 30 percent.

An individual will be able to deduct 1 million won from his taxable income for each family member he is supporting, including himself. Additional deductions for physically disabled family members, parents aged 65 or older, female family heads and working couples will be 500,000 won each.

While streamlining other deductions, the government will also improve such special deductions as insurance premiums, medical and education expenses.

An average family of four, headed by a worker, will have 10.57 million won in tax deductions in 1996, up from 5.87 million won now, said the Ministry of Finance, while an average family, headed by an individual running a business, will have 4.6 million won in deductions, up from 2.22 million won now.

The revision bill to the special excise tax law has cut the highest rate from the current 60 percent to 25 percent while reducing the number of tax brackets from the current six to three.

Electric and electronic home appliances, whose tax rates currently differ depending on their size, and household goods, which are no longer regarded as luxury items, will be subject to the uniform rate of 15 percent.

The highest rate of 25 percent will be imposed on such luxury items as precious stones, high-quality furs, golf clubs, air conditioners and motor boats.

With regards to inheritance and gift taxes, the government will reduce the number of tax brackets from the current five to four and cut the highest tax rates from the current 50 and 55 percent, respectively, to 40 percent.

Vows To Lower Corporate Tax Rate

SK1908063394 Seoul THE KOREA HERALD in English 19 Aug 94 p 8

[Text] The government will lower the corporation tax rate and take other actions to help domestic corporations gain a competitive edge in the world market, the Ministry of Finance said yesterday.

The ministry said the government will lower the higher of the two corporation tax rates to 25 percent during the next five years.

As its first step toward the goal, the government will lower the current 32 percent rate of tax on the tax base in excess of 100 million won to 30 percent next year. The tax base refers to the value of items that can be taxed.

When the tax base is 100 million won or less, the current 18 percent will continue to be applied.

The government plans to simplify the grouping of capital goods for depreciation, or charges against earnings to write off their cost, less salvage value.

In addition, the government will give greater leeway to corporations in determining the durable years of assets by allowing them to extend or reduce the legally set durable years by up to 25 percent.

The government will abolish a requirement to set the salvage value of an asset at 10 percent of its purchase price. As a result, the whole cost could be written off as expenses.

When purchasing an item at the price of 1 million won or less, corporations will be allowed to immediately write off the purchase price as expenses.

The government will not demand corporations to keep separate accounts for the sake of taxation when corporate and tax accounts differ in the business year of gains losses, providing the corporate accounting maintains continuity.

When a corporation issues new shares to existing shareholders in the process of converting retained earnings into issued capital, the government will no longer levy a dividend income tax on the bonus issue.

The government will exempt an additional 15 percent tax on excess accumulated earnings, when an unlisted corporation turns them into a "reserve for corporate development" that cannot be paid out in dividends.

Currently, the government slaps an additional 15 percent tax on retained earnings in excess of 50 percent of earnings payable in dividends or 10 percent of capital stock, whichever is larger. The tax is not levied on excess accumulated earnings held by listed companies.

Investors, particularly foreign investors, have complained about the additional tax in the past on the grounds that they have accumulated profits for the purpose of reinvestment.

Corporations will be allowed to use the tax-exempted "reserve corporate development" only to make up for losses or for converting into issued capital.

When it is used for dividend payment, it will be subject to an 18 percent corporation tax, the Ministry of Finance said.

When accompanied by strategically advanced technologies, foreign direct investments in Seoul's metropolitan area will be awarded national treatment in tax reductions and exemptions.

Domestic small- and medium-sized companies have benefited from income and corporation tax reductions and exemptions when making technology-intensive investments in Seoul's metropolitan areas.

The government is offering similar tax benefits to foreign investors to improve the domestic investment climate for foreigners.

Ministry's Kim Vows To Prevent Land Speculation

SK1908030094 Seoul THE KOREA HERALD in English 19 Aug 94 p 2

[Text] Construction Minister Kim U-sok yesterday vowed to prevent speculation in land from flaring up again by stepping up monitoring by watchdog officials on land deals.

Minister Kim said the government will advance the operation of a nation-wide computer network for the trading of land as a way to discourage any speculative move.

He also said the government will expand areas requiring government permission in land transactions.

Kim reported the plan to the National Assembly's Construction Committee.

The minister's remarks came amid concerns about possible revival of rampant real estate speculations following the government's decision to revise the law governing the tax on the "excessively increased value of and."

The decision was made in accordance with the Constitutional Court's rule in July that to impose tax on unrealized profits from land is not in conformity with the Constitution.

The minister said the government will revise the controversial law based on its policy to tighten control on land ownership, adding that regulations on the ownership ceiling in housing sites and the land development impact fee will remain intact.

Before the minister's testimony, ruling and opposition lawmakers in the Assembly committee demanded to know about the government measures to prevent land speculation and to cope with damages from drought and typhoons.

Electric Firm Selects Nuclear Power Plant Sites

SK1908073694 Seoul YONHAP in English 0705 GMT 19 Aug 94

[Text] Seoul, Aug. 29 (YONHAP)—The Korea Electric Power Corp. (KEPCO) has finally selected sites on which to build three new nuclear power plants, the construction plan of which has long been adrift due to a vast upsurge of not-in-my-backyard (NIMBY) sentiment among local residents, a KEPCO report said on Friday.

The KEPCO plans to construct 14 nuclear power plants by 2006 but it has had difficulties choosing the sites for three of the planned plants due to obstinate opposition from residents in the places which KEPCO had originally selected as construction sites.

The corporation has had to select sites adjacent to some existing plants as local residents there agreed to the construction, said the report filed with the ruling Democratic Liberal Party (DLP).

One of the three, heavy-water reactor, will be built in the vicinity of the Wolsung plant in North Kyongsang Province and the remaining two, both light-water reactor, near Kori in South Kyongsang Province, the report said.

KEPCO had originally planned to construct two light-water reactors in Duksan near Samchok City in Kangwon Province or in Songgong in Shinan, South Cholla Province, but had to change the sites because of opposition from residents.

HHI Management, Labor Union Fail To Agree

SK1908040994 Seoul YONHAP in English 0127 GMT 19 Aug 94

[Text] Ulsan, Aug. 19 (YONHAP)—Representatives of labor and management at Hyundai Heavy Industries Co. (HHI) Thursday failed to make a breakthrough in their 56-day-long labor dispute, and decided to make another desperate effort for compromise Friday afternoon.

Major stumbling blocks at a four-hour session Thursday afternoon, attended by four working-level officials from each side, were the union demands that the management withdraw its "no-work-no-pay" principle and its legal complaints against union leaders.

The meeting was held two days after the management lifted its 28- day-long lockout in an effort to settle the drawn-out labor dispute at the largest shipyard in South Korea.

Following the unsuccessful negotiation session, HHI President Kim Chong-kuk told reporters that the management had accommodated all possible union demands, and pledged to make "a last-ditch effort for compromise" at the Friday meeting.

Union leader Yi Kap-yong also pledged to make "all possible efforts to bring about an autonomous accord" at the next meeting.

In the meantime, a rift among the shipyard's 21,000 union members over whether to continue the strike flared up Thursday when the union dismissed 23 delegates who called for an end to the strike. In the course of reprimanding them, a melee took place and 12 unionists were injured and hospitalized.

Head of Korean National Railroad To Be Replaced

SK1908040894 Seoul YONHAP in English 0205 GMT 19 Aug 94

[Text] Seoul, Aug. 19 (YONHAP)—The government decided Friday to dismiss Korean National Railroad (KNR) Director Choe Hun from his post, holding him responsible for a series of railroad accidents.

Choe is most likely to be replaced by Kim In-ho, president of the Consumer Protection Board (CPB), informed official sources said.

A 1966 graduate of the Seoul National University Law School, Kim served as assistant minister for international policy coordination at the Economic Planning Board in 1990 and vice environment minister in 1992 and was appointed president of the CPB last year.

President Kim Meets With Social Campaign Leaders

SK1908110294 Seoul YONHAP in English 1042 GMT 19 Aug 94

[Text] Seoul, Aug. 19 (YONHAP)—President Kim Yong-sam called on social campaign leaders on Friday to promote more positively the renovation of the way the people lead their lives.

He made the call during a luncheon he hosted at Chongwadae [presidential offices] for a group of 47 representatives of social organizations.

The president especially stressed the importance of filial duty, saying, "the people should have a new revolutionary perception of filial devotion."

Stating that there still are "a lot of things around us" needing to be rectified, President Kim said unreasonable practices and disorderliness should be corrected through reform of the way of living.

He then stressed that reforms will be carried on without any halt for the construction of a community where all the people can live in affluence together.

Those invited to the lunch included Yi Se-chung, co-chairman of the Coalition for Environmental Movement, and So Kyong-sok, secretary-general of the Citizens Coalition for Economic Justice.

At the remarks by So Kyong-sok that people seem demanding the reform of public prosecution, President Kim said he understands there is no problem so far as the prosecution itself is concerned, though, he said, one or two persons in the prosecution may be problematic.

Brunei, Malaysia & Singapore

Malaysia

Reports on Cambodian Prime Minister's Visit

Mahathir Hosts Dinner

BK1808141594 Kuala Lumpur Voice of Malaysia in English 0600 GMT 18 Aug 94

[Text] Datuk Sri Dr. Mahathir Mohamed says Malaysia will remain committed to help Cambodia in its reconstruction and development. The prime minister said this at a dinner hosted in honor of the visiting Cambodian premier, Prince Norodom Ranariddh, in Kuala Lumpur last night.

In reply, Prince Ranariddh expressed his gratitude to the Malaysian Government for always being on the Cambodian side throughout its long quest for peace. He also urged Malaysians to invest in Cambodia.

Urges End to Business Links With KR

BK1808160394 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 18 Aug 94

[Text] Cambodia's first prime minister, Norodom Ranariddh, has defended his country's new investment policies as a pragmatic approach toward enhancing economic growth and ensuring peace and security. He said there cannot be any peace without real development of the country, which is why such liberal laws have been drawn up. He was referring to criticisms by certain quarters that the policies were too liberal. Citing Cambodia's corporate tax of 9 percent, which is among the lowest in the region, he said that Cambodia has to be attractive to be an investment destination. He said that economic growth will help achieve social and political stability, reduce problems such as corruption and insecurity, and in the process help [words indistinct] back.

Prime Minister Ranariddh also called on those countries which have interests and dealings with the outlawed Khmer Rouge [KR], especially in timber and gem stones, not to continue transacting such businessess. Prince Ranariddh is on a five-day visit to Malaysia. He was speaking at a luncheon in Kuala Lumpur, hosted by the National Chamber of Commerce and Industry of Malaysia.

Commentary Notes Prospects for Cambodian Ties

BK1908102094 Kuala Lumpur Voice of Malaysia in English 0810 GMT 19 Aug 94

[Station commentary]

[Text] Malaysia is playing host to an important visitor from one of its neighboring countries in the presence of the first prime minister of Cambodia, Prince Norodom Ranariddh. The visit of the premier at the head of the 30-man delegation is considered both vital and significant as Cambodia is in the wake of its economic reconstruction and development. It needs all the help it can get to shake off the ravages of more than two decades of civil war and to give its people the just due after the bitter suffering from the incessant fighting, and Malaysia—as it always does in the case of neighbors in distress—has expressed its willingness to get Cambodia out of its economic woes.

The Cambodian leader's visit will go a long way towards enhancing and strengthening ties between the two countries. His talks with his Malaysian counterpart, Dr. Mahathir Mohamed, covered a wide range of issues, especially on forging greater economic cooperation. The very first day of the visit was marked by the signing of two bilateral agreements. One was on economic and scientific cooperation while the other was on the promotion and protection of investments. With these bilateral pacts, Cambodia has become the 35th country to sign an investment guarantee agreement with Malaysia. In addition, two memoranda of understanding, MOU's, have also been signed, one between the Malaysian Industrial Development Authority and the Cambodian Investment Board and the other between the National Petroleum Corporation, Petronas, and the Cambodian Ministry of Mines, Industry, and Energy.

The agreements that have been signed are mainly aimed at promoting bilateral and trade relations and to further stimulate the flow of investments between the two countries. Cambodia, with a population of 8.8 million people, offers ample opportunities for investments in many fields, and Malaysians businessmen, especially from the private sector, are bound to exploit them to mutual advantage. Investors of both countries have been assured that they will receive fair and equitable treatment which shall not be less favorable than that accorded to any third state. Malaysians will naturally be keen to invest in areas such as agriculture and timber resources, aquaculture, furniture making, plantation management, air transportation, and tourism. Cambodia has also expressed particular interest in the Malaysian system of rural development. Malaysia, with its experience in this field, is ready to give its support.

Cambodia is a vital part of Southeast Asia. It has applied to become a member of ASEAN and it has asked for Malaysia's support for its application. Malaysia will be only too willing to give its support and so will the other ASEAN members. As Dr. Mahathir said at the banquet in Ranariddh's honor, Southeast Asia has ample talents and resources which can be collectively utilized to enhance regional stability, security, and prosperity. The resources should be directed towards increasing the level of intensity and cooperation among the members of the region.

Prince Ranaridh's visit augurs well for future Malaysian-Cambodian relations. The ties will grow in the years to come and beyond.

Indonesia

Alatas Denies Asking Taiwan's President to APEC

BK1808141394 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 18 Aug 94

[Text] In a statement released by the Foreign Ministry in Jakarta today, Foreign Minister Ali Alatas has denied foreign press reports indicating that the Indonesian Chamber of Commerce and Industry in Taipei had invited Taiwanese President Li Teng-hui to attend the Asia-Pacific Economic Cooperation, APEC, summit in Indonesia. Alatas says the reports are baseless.

According to the foreign press, the reports have caused Jiang Zemin, president of the People's Republic of China, to release a statement saying that he will boycott the APEC meeting in November.

In the statement, Alatas has reiterated that the APEC leaders meeting in Indonesia would follow the pattern of the first APEC summit on Blake Island in the United States.

Mali To Open Embassy; Suharto Ready To Assist

BK1908033694 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 18 Aug 94

[Text] The Republic of Mali will open an embassy in Jakarta because its embassy in Riyadh, Saudi Arabia, is too far away to handle bilateral relations with Indonesia. After paying a courtesy call on President Suharto at Merdeka Palace, Mali Prime Minister Ibrahim Boubacar Keita spoke to reporters and said that opening the embassy in Jakarta is expected to boost bilateral relations.

Minister-State Secretary Murdiono cited President Suharto's readiness to assist the Republic of Mali. Murdiono quoted the president as saying that Indonesia's experience in development may be applicable in other countries, including Mali.

Suharto Delivers Independence Day Address

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[Independence Day speech by President Suharto at the House of Representatives in Jakarta—live]

[Text] In the name of God, the compassionate, the merciful. Honorable speaker, deputy speakers, and members of the House of Representatives; Your Excellency the prime minister of Mali; Your Excellencies the ministers and dignitaries from foreign countries; happy delegates; and my compatriots: Peace be upon you!

It has become a national tradition for us to assemble in the glorious House of Representatives building on the morning before Independence Day as part of a series of activities to commemorate Independence Day. We will commemorate the 49th anniversary of an independent Indonesia tomorrow, 17 August 1994. Next year, God willing, we will commemorate the 50th anniversary of an independent Indonesia. A nation can no longer be considered young at the age of 50. In various parts of the world, there are nations older than ours; more than a few of them have been in existence for hundreds of years. They have undergone rich experiences, established strong traditions, and developed permanent political institutions and cultures. Some of these countries have reached a very high level of economic progress and a very high degree of prosperity. Some others, however, have not reached such a level of progress or have even experienced political, economic, and social setbacks.

There are several main elements that determine whether a nation is strong or weak and divided. The most important ones are nationalism and a spirit of unity and togetherness. We need to take invaluable lessons in general from the experiences of other nations, and in particular our own experiences since the proclamation of independence. We need to do this to broaden our vision in the face of a future that will be full of changes, challenges, and opportunities. Let us turn the positive elements of our past experiences into a force to continue our national journey. Let us avoid the negative elements so that we will not make the same mistakes again in the future.

My compatriots, as a developing nation, we feel the strong currents of change and progress. That is why there is always special significance every time we commemorate Independence Day. Today is no exception. In 1994 the First Long-Term Development Master Plan ended while the Second Long-Term Development Master Plan, which sees the nation entering a take-off period, began. Let us clarify our understanding of the special atmosphere, significance, and characteristics of each period while we are in the first months of the new development stage. Last March, we completed FY 1993-1994, which marked the end of the Fifth Five-Year Development Plan. We simultaneously completed the First Long-Term Development Master Plan. Accordingly, I will take this good opportunity to report to the people—through the honorable House of Representatives—on the implementation of development programs up until the Fifth Five-Year Development Plan. This is an overall account of the results of the Indonesian people's development programs during the First Long-Term Development Master Plan. The developments achieved during the fifth development program and the first 25-year development program will be used as a basis for the nation to continue in its next stage of national development. The national development that was undertaken during the First Long-Term Development Master Plan was inseparable from the strategic situation and developments during this period.

As a matter of fact, since the end of World War II and the beginning of the New Order government, the world has been firmly controlled by two giant powers—the

Western bloc and the Eastern bloc. The Cold War has now ended and world tension has been greatly reduced. The world can pay more attention now to the development of the people's welfare and the quality of their lives. All nations are now competing to improve their economic situations. The emphasis in relations between nations has been shifted from the field of politics to that of economics.

The world's attention is firmly focused on efforts to create a better and more fair economic order. One of the ways to achieve this is to set up an international trade system that is free of tariffs and barriers. The world is entering a new era of free trade with the conclusion of the Uruguay Round of talks. The world has become more united and this development offers many advantages as well as challenges. A smooth flow of goods and services will support economic growth and bring a higher level of prosperity to the people, but we have to be able to compete with others in order to enjoy these advantages. This is one of the challenges Indonesia faces. Therefore, we have to intensify our efforts to overcome all obstacles so that our economy can progress in this global economic setting.

Economic globalization has been accompanied by the development of other interests. There is a need to accelerate regional economic cooperation. The European Community and the North American countries have started to do this. We in ASEAN have long established economic cooperation. Under such circumstances, it is possible that the developed countries will continue to achieve a high level of progress while the less developed countries remain backward.

Many Third World countries currently face foreign debt burdens that further complicate their economic problems and present an obstacle to healthy growth. In this regard, again, I call on creditor countries and international financial institutions to reduce bilateral, multilateral, and commercial loans in order to bring significant relief to the debtor countries. The debtor countries must settle their foreign debts completely so that the debtor countries do not have to deal with them over and over again. The foreign debt problem must be settled in such a way that the countries concerned can resume their national development.

A Nonaligned Movement [NAM] ministerial meeting on debt and development was held in Jakarta recently. The participants in the meeting are among the audience here today and they will also attend the ceremony commemorating the anniversary of our independence at Merdeka Palace tomorrow morning. By hosting this meeting, Indonesia does not intend to take over responsibility for seeking a solution to the debts of developing nations. The meeting has been convened to allow the representatives to exchange ideas and experiences with each other. Hopefully, the common understanding achieved at the meeting will pave the way toward a basic and comprehensive solution to problems of debt and development. The developed countries are trying to regulate the world economy by themselves. Apparently, though, the world is much larger than just the group of developed countries. More than two-thirds of the global community is found in the developing countries. Because of this, the NAM has agreed to expand its economic cooperation; to combine forces to maintain stability so that the developing countries will not remain so backward. The NAM approach is to step up cooperation and partnership—not confrontation—with other countries. That is why the NAM is calling on developing countries to participate in the development programs of member countries to mutually assist each other in improving the people's welfare. Such cooperation will certainly be of mutual benefit to the developing and developed countries and the world as a whole.

The Asia-Pacific Economic Cooperation [APEC] is one form of cooperation that brings developed and developing countries together in one forum. Indonesia is honored to be the host of the APEC conference in November. In the last decade, the Asia-Pacific region has enjoyed dynamic growth, and it is seen as having a huge potential for further development in the future. At their summit in Seattle in the United States last year, the leaders of the APEC countries issued a declaration on cooperating jointly to face the fast-changing regional and global economic situation. All the countries in the region are awaiting for APEC to take off. The APEC forum is expected to promote bilateral trade and economic cooperation among its members, which in turn will create regional peace and prosperity.

Honorable speaker, we implemented our national development program within this global situation and we managed to carry out our First Long-Term Development Master Plan. We are currently savoring the results of our development programs.

The MP's who were elected in the recent general election are all gathered in this building today. The People's Consultative Assembly protects the people's sovereignty, meets to elect the president and vice president, and formulates the broad outline of state policies to be implemented by the president. The House of Representatives and the government meet in this building to deliberate on bills to be passed into law that will direct our national life and uphold unity and cohesion based on the Constitution and law. It is the MP's who supervise the government's administration and development programs in line with the mandate of the Constitution. What takes place here reflects a great continuing process of democracy at all stages and levels. It is the people who determine the election of the village headman, the district chief, and the president. It is also the people who determine the objectives of development targets and ways to implement them. This does not happen by itself. It is made possible when political development is part of national development.

The economic sector has become our development priority. We realized from the beginning that economic development was not likely to succeed without the benefit of political stability and popular participation. This is required in the process of decisionmaking, carrying out decisions, and implementing and supervising economic development. Political stability is a prerequisite for smooth development that is uninterrupted by upheavals. Political upheavals do not allow the people to concentrate their efforts on national development and do not provide the mental serenity and peace that are badly needed to mobilize all resources for development.

Learning from our own history as well as the experience of other nations, we have from the very beginning realized the importance of national stability as a basis for successful development programs. These development programs are capable of increasing economic growth and, in turn, will bring about just and equal prosperity for the people. This is the essence of the development trilogy, which has become a development strategy and a means of practicing Pancasila. We also have realized that all social groups and strata are required to be involved in development programs. This means democracy is needed for the implementation of development programs. The experience of other countries shows there will be no optimal progress without the people's full and sincere involvement and without democracy. Many countries even have been setback for failing to [word indistinct] democratic principles in their political and economic life. The development of democracy is not only a necessity for us, but it also is mandated by the Constitution. The founding fathers of our republic showed us the democratic path that we should pursue. Our democracy exists through representatives who reach decisions through deliberate consultations. Political stability and democracy are closely linked. We do not want political stability because of compulsion or an absence of alternatives. Political stability is in our common interest. Strong political stability results from the healthy and fresh implementation of democracy. Strong political stability is achieved through the people's support. Political stability does not mean keeping outdated values or the status quo. What we need is not static political stability, but dynamic political stability. This opens up the process of reforms, which will bring about stronger political stability. We started reforms when the New Order was born over 25 years ago. Reforms need an open atmosphere. An atmosphere of openness is increasingly felt. New ideas and values have come up. We have openly and deeply discussed them. The good ones can grow as part of the nation's political culture. We must, however, firmly reject and keep at bay those which run counter to national identity and reality. What we need is responsible openness. Our nation is very pluralistic. Our development history is still young. This still makes us vulnerable, particularly to elements that can bring divisions. Openness does not mean unlimited freedom, or even worse, freedom to be hostile, pitting one party against another, and unconstitutionally imposing one's ideas. Differences in opinions are a feature of democracy. We must respect every idea, though different, for the sake of human rights. As a state under law, however, even democracy has its rules. The rules are set by the Constitution and implemented through various laws which are in accordance with the people's wishes. Without such rules and respect for them, what will emerge is anarchy, not democracy. It is legal to propagate any political will provided it is conducted through democratic and constitutional means.

National stability obviously needs peace and order. The ABRI [Armed Forces of the Republic of Indonesia] as a defense and security force and a sociopolitical force plays a great role in this area. The ABRI, as a stabilizing and dynamizing force in the development process, has carried out its duties well. The ABRI has never renounced its status as a fighting force which was born by the people and fights for and (?works with) for the people. Indeed, very limited funds were allocated for the ABRI's development during the past five five-year development plans. Compared with other countries, the allocation for defense for our Armed Forces is considerably small and when compared with other ASEAN nations, our defense allocation is the smallest. The ABRI, however, has carried out well its duty to defend national sovereignty and territorial integrity, protect the people, and contribute to development programs under these circumstances. With very limited funds, the ABRI has managed to develop itself into a strong, authoritative, and deterrent force. The ABRI has undergone an integration and consolidation process and has now become a modern, reliable, and effective force. The ABRI has also participated in international efforts to maintain peace in various parts of the world.

Legal development equally receives our great attention. The Constitution states that Indonesia is a state based on law. Thus, law has a central position in our state life. We realize the importance of the guiding role of law in our nation building to provide a sense of security, certainty, and justice to the people. We have exerted considerable efforts toward this objective. Legal institutions have further enhanced their functions, and the legal awareness of our people further has increased. We do admit that the results of our legal development have not been totally satisfactory. Accordingly, we are determined to continue and enhance legal development in the future. The more dynamic development of democracy and a constantly stable political life have enabled the development of other fields to proceed smoothly.

Fellow countrymen, in addition to dynamic political stability, development requires economic stability, the results of which can be seen from the inflation rate that is always under control. Economic stability is also reflected in the healthy balance of payments, while the current transaction deficit ratio against national production always can be maintained between 1.5 and 3.5 percent. Enough foreign currency reserves are available to sustain imports for five months. Economic activities in all sectors and regions have flourished under this stable economic situation. This has resulted in high economic growth in the last 25 years.

The country's economic growth has been the highest in the last 25 years and is achieving an annual economic growth of 6.8 percent. However, there were also some years with low economic growth. Such economic growth rate far surpassed population growth rate, which stood annually at 2.32 percent from 1970 to 1980 and 1.97 percent from 1980 to 1990. In 1993, the population growth rate even was reduced further to 1.66 percent. This resulted in increased level of public welfare.

We also managed to increase national production, especially in the Fifth Five-Year Development Plan; growth stands at an annual rate of 6.9 percent and this figure is above the estimated annual rate of 5.9 percent and the average growth rate during the First Long-Term Development Master Plan. The industrial sector became a major engine of growth—its annual growth rate was recorded at 12.4 percent during the First Long-Term Development Master Plan. While the projected growth rate of the industrial sector in the Fifth Five-Year Development Plan was 8.5 percent, we managed to achieve 10.2 percent.

During the First Long-Term Development Master Plan, the agriculture sector grew by an average of 3.6 percent annually, which is considered a high level for the agriculture sector. One major contribution from the agriculture sector was the realization of rice self-sufficiency in 1984. We have managed to maintain rice self-sufficiency up to now, which in turn serves as a strong foundation for the next stage of develoment.

We managed to carry out a fundamental change in Indonesia's economic structure thanks to such economic growth rates. The industrial sector's share in national production increased from 9.2 percent in 1969 to 22.3 percent in 1993. This sector's share has surpassed the agriculture sector's share since 1991. The agricultural sector's contribution to gross domestic products in 1969 stood at 49.3 percent while in 1993, it stood at only 18.5 percent.

In line with changing production structure, job structure also experienced changes, namely, from the agriculture sector to the industry and service sectors. In 1971, the agriculture sector absorbed 64.2 percent of the total workforce. In 1990, the figure was reduced to 49.9 percent. The number of those working in the industry and service sectors is now higher than that in the agriculture sector.

Changes have also taken place in household activities. In 1983, the number of household members working in the agriculture sector was recorded at 60.5 percent, but in 1993, the figure was reduced to 51 percent.

There has been another important structural change. Indonesia is currently becoming less dependent on petroleum resources. The oil and gas sector contributed about 18 percent to GNP in the 1970's and the contribution increased to about 24 percent in 1981. The role of the oil and gas sector has declined since 1981 as the activities of nonoil and nongas sectors are increasing. The petroleum sector's contribution to national production declined to 10.8 percent. Our economic growth, particularly growth in the industrial sector, has been made possible by the growing ability of industries. Our industrial products are capable of competing in international markets. Four hundred types of industries were developed at the end of the Fifth Five-Year Development Plan. About 4,000 types of our industrial products ranging from handicrafts to sophisticated, high-technology industrial products like aircraft have penetrated the world markets. In fact, nonoil and nongas exports, particularly the export of manufactured goods have become the mainstay of our economic growth, particularly during the last two five-year development plans of the First Long-Term Development Master Plan. Since the start to the end of the First Long-Term Development Master Plan, our overall export value increased by 42 times or an average of 15.9 percent annually. Our exports amounted to just U.S. $872 million in 1968 and jumped to U.S. $36.5 billion. During this period, the value of nonoil and nongas exports even saw a much greater increase—about 48 times or an average of 16.5 percent annually. The export of nongas products contributed around 74 percent of total foreign exchange income in the last year of the First Long-Term Development Master Plan. Out of this amount, 63.4 percent were manufactured goods. Exports have contributed greatly to economic growth. The contribution of exports to economic growth increased from about 31 percent annually during the First Five-Year Development Plan to about 49 percent annually during the Fifth Five- Year Development Plan. The role of small industries has been very encouraging in this regard. Small industries contributed 10.3 percent to total industrial exports in 1993. The export value of goods produced by small industries increased considerably—an average of 22 percent annually—during the Fifth Five-Year Development Plan.

The development of cooperatives as an economic means of the people has also been encouraging. This development should continue to be spurred to further enhance their quality and role. We had about 9,302 cooperatives before the First Five-Year Development Plan. Their number increased to 42,000 units consisting of 8,800 rural cooperatives and 33,200 other cooperatives in the last year of the Fifth Five-Year Development Plan. Similarly, the number of cooperative members increased from about 1.5 million before the First Five-Year Development Plan to 24.6 million in the last year of the Fifth Five-Year Development Plan. This means membership increased over 16 times.

We have achieved all this progress thanks to the infrastructure we have built. These infrastructural projects have expanded in scope, become more diversified, and further enhanced their services. Electricity development expanded by several folds. There should be greater expansion to catch up with the fastest-developing industrial growth. Electricity supplies have improved public welfare. Only about six of every 100 households enjoyed electricity in 1971. Today, over half of the households are enjoying electricity. Almost half of our villages enjoy electricity to support economic activities. Over 30,000 villages enjoy electricity. Very few villages enjoyed electricity at the beginning of the First Long-Term Development Master Plan.

The number of automatic telephone exchange centers increased by 38 times during the First Long-Term Development Master Plan. The telephone density increased from 15 per 10,000 people at the beginning of the First Five-Year Development Plan to 159 per 10,000 people at the end of the Fifth Five-year Development Plan.

The communication network rapidly has expanded. In the field of land transport, the length of roads consisting of national, provincial, municipal, and district roads reached over 244,000 kilometers at the end of the First Long-Term Development Master Plan. We also have built small roads penetrating into remote rural areas. Smooth transport has been supported by better infrastructure. The number of motor vehicles increased by over 20 times during the First Long-Term Development Master Plan. Rapid development also has been felt in railway, river and lake transport, and ferry transport which serve many remote areas.

Maritime communications are important to Indonesia, which is a maritime nation. Port facilities were developed in 696 locations during the First Long-Term Master Plan and most of them are located in remote regions. Certain ports, such as the ports at Tanjung Priok, Belawan, and Tanjung Perak, began operating as container handling ports by the end of the Fifth Five-Year Development Plan. We turned 127 ports into ports that handle exports in our effort to further smooth and hasten the flow of our exports to other countries. Fifty-five of these ports, which handle direct export operations, are located in eastern Indonesia. We also have placed greater attention to providing more maritime services to the people by opening new maritime routes and setting up more companies in various regions.

Apart from improving maritime communications, we also need to further develop our airports. Since the beginning of the First Long-Term Development Master Plan, the number of airports increased from 108 to 146; 80 airports are currently providing air communications services in remote regions.

The development of irrigation has influenced greatly the farming community's performance, particularly toward becoming self-sufficient in food production. Since the First Long-Term Development Master Plan, we developed new irrigation networks that irrigated another 1.7 million hectares out of the 2.9 million hectares of agricultural land needing irrigation facilities. Our agricultural production has increased, thanks to proper irrigation. Apart from increasing agricultural production and enhancing the farming society's welfare, the irrigation networks also assist the farmers in alleviating floods and simultaneously provide clean drinking water to industries and common households. We also have increased the supply of clean drinking water by 80 percent to cities and another 50 percent to rural regions. In the early stages of the First Long-Term Development Master Plan, only 20 percent of the total population in cities received clean drinking water. An improvement in the people's welfare was clearly seen in our effort to satisfy the community's social and housing needs. We have constructed about 856,000 low and medium-cost houses during the First Long-Term Development Master Plan and 558,000 more were constructed in 37,000 villages. We also have made improvements to the villages situated over 130,000 hectares around 2,000 towns. In addition, we have improved and provided several other facilities to these villages—among other things, the repair of roads, clean drinking water, and education. We can see clearly that people are becoming more united and they are living in better conditions as a result of the development in the various sectors. Increased income is a sign of well-being. This is because more employment opportunities have been created by rapid economic growth and other developments.

The nation's work force increased to 32.6 million during the 1971-1990 period. About 34 million jobs were available during the rapid development period. The number of unemployed people has been reduced from 3.6 million in 1971 to 2.3 million in 1990. The employment sector underwent a change due to more workers crossing over from the agriculture sector to the industrial and services sectors. Our workers' quality and performance also has improved. This was seen in our productivity rate which, among other things, increased at annually by 2.7 percent from 1971 to 1992. All of this proves that the quality of our human resources has improved. This improvement was the result of our workers' higher standard of education and health.

We have provided a fair and equal education program that covers all levels of society and our society's current educational standard has risen. It can be said currently that almost all children up to 12 years old are receiving elementary education. During the early stage of the First Long-Term Development Master Plan, only four out of 10 children were in schools. The number of students between the ages of 13 to 15 years, studying in the country's seven million lower secondary and rural religious lower secondary schools, also have increased sixfold since the early stage of the First Long-Term Development Master Plan. The number of students in higher secondary schools increased from 480,000 in 1968 to a total of 13.8 million by the end of the First Long-Term Development Master Plan while the number of those studying in religious secondary schools totaled to 4.2 million or the equivalent of about one-third of youths between 16 and 18 years of age. The number of undergraduates at the tertiary level, including those in religious higher institutions of learning, increased from 156,000 in 1968 to 2.3 million during the 1993-94 academic year. This means that about 10 percent of the youths between the ages of 19 to 24 currently are undergoing courses in these institutions of higher learning.

The number of illiterate people from the age of 10 and above has declined greatly from over 39 percent at the beginning of the First Long-Term Development Master Plan to about 14 percent at the end of the Fifth Five-Year Development Plan. Actually, the quality of the Indonesian people's lives has improved after a decade-long development process. There is improvement in the level of the people's health and nutrition. The mortality rate in 1967 was 45.7 years and now it has increased to 62.7 years. During the same period, the infant mortality rate decreased from 145 to 58 in every 1,000 babies born alive.

The supply of energy-giving food increased from 2,035 kilocalories in 1968 to 2,991 kilocalories per head per day in 1992. This was accompanied by the abundant supply of protein, fat, and other nutrients. The people's improved quality of health and nutrition is attributed to the improved quality of health services provided by the government to the people. In the 1968-93 period, the number of doctors increased from 4 to about 17 for 1,000 patients. There are now about 7,000 public health centers spread all over the nation, and these are supplemented by mini public medical centers and mobile clinics.

One of the main developments that took place during the First Long-Term Development Master Plan is the increased role of women in our national development. The number women who received formal education increased by 38 percent between 1980-90. The number of women workers increased by 6 percent or an over two-fold increase from the figure on men workers during the same period. The women's roles were enhanced through their activities in family and child welfare organizations and integrated medical clinics. They also contribute to the welfare of the people in rural areas by stepping up their standard of health and nutrition.

National development covers all aspects of human life. We have a strong belief that genuine development involves the building of the people's quality to form an integral Indonesian society. We, therefore, are concentrating on the development of religious knowledge so that all followers of religions can perform their practices with ease and at their best. Equipped with a higher level of religious knowledge, the people will have the spirit to continue developing the nation. Peaceful coexistence among the followers of religions who are very stable will further strengthen national unity and cohesion.

The cultural aspect of development has never been neglected in the process of our nation building. We consider our development a process of cultural change from ignorance and backwardness to progress. We also need to develop our cultural values, which have to accommodate the processes of reform and modernization, without losing the basic values which have molded the characteristics of our Indonesian nation.

Honorable session, the development of districts is one of the important aspects of national development. Here, development programs are being implemented by the central government as well as district administrations. The development process calls for the people's participation and enhancement of their creativity by taking advantage of the natural resources and raw material available in their respective areas. The government has continued to channel various types of assistance under the state budget allocation known as the presidential aid program to provide the resources for development, to strengthen the manufacturing industries, and to mobilize development resources in respective districts. A large amount of the revenue received from development achievements will be returned to the districts.

The development of the districts is supported by activities in the transmigration sector. Under the transmigration program, about eight million people have been resettled outside Java Island. When compared to the number of people who have migrated to Java Island, the migration rate to islands outside Java is larger. The transmigration program has been instrumental in spurring economic development, increasing production, and creating new job opportunities in the districts. These activities develop simultaneously with the expansion of district autonomy. As a result, we can see rapid progress in the districts. Of course, some districts develop faster than others, but not even one district has failed to achieve progress.

The latest data on regional gross domestic product shows that a large number of provinces in the eastern part of Indonesia have recorded a high growth rate. This is very heartening indeed. Ten provinces out of the 13 in eastern Indonesia, including provinces in Kalimantan, recorded an above average national growth rate in the first three years of the Fifth Five Year Development Plan. Four out of the five provinces that recorded an above 9 percent growth rate are situated in the eastern part of Indonesia. They are the provinces of Southeast Sulawesi, which recorded an average growth of 12.2 percent; East Timor 9.8 percent; Irian Jaya 9.7 percent; and Central Sulawesi 9.3 percent. This shows the process of equitable distribution of development among the districts is under way.

We have to implement our development activities without destroying the environment. In other words, we must pay serious attention to environmental protection as we develop. This is the main way to carry out sustainable development programs.

In the Fifth Five-Year Development Plan, we have carried out several activities to safeguard the environment, namely, we have rehabilitated a total 44 million hectares of critical land, conserved forests, reduced the pollution level in 32 major rivers, improved urban life, and devised nondestructive development systems and procedures. Public awareness of environmental conservation is increasing and their participation in conserving the environment continues to grow.

Honorable session, the fruits of our national development have evidently reached all walks of life. People from the lowest economic level have enjoyed the benefits of our development. This is clearly seen in the increase of the poorest people's income and can be measured by the declining number of people living in poverty. In 1970, about 70 million people, 60 percent of the total population, were living in poverty. In 1993, the number of impoverished people dropped considerably to 25.9 million or 13.7 percent of the total population, despite the fact that during the said period the country's population increased by 73 million. We are greatly encouraged by the fact that the number of impoverished people has seen a dramatic reduction. However, we are still aware that the number of impoverished people is still substantial. We are also aware that there is a slower rate in the reduction of the number of impoverished people. We have therefore come to the conclusion that these people constitute those with the weakest economic clout, who live in isolated areas or in pockets of poverty. To cope with this problem, we have launched an antipoverty program specifically aimed at impoverished people.

By the end of the Fifth Five-Year Development Plan, we will have identified the most backward villages, which have become pockets of poverty. After improving our criteria for and evaluation of poverty, we conclude that there are 20,633 villages which require special attention in our efforts to combat poverty. This is the reason why in the Sixth Five-Year Development Plan, we will promote presidential development projects aimed at overcoming poverty in those backward villages. Poverty is part of the challenge we are facing in the Second Long-Term Development Master Plan.

Honorable Speaker, as I mentioned earlier in a brief but comprehensive way, our development efforts have achieved the twin objectives of national development, namely, an increase in people's living standards and welfare, and the establishment of a strong foundation for the next stage of development. The results of our development show that we have succeeded in achieving the targets of the First Long-Term Development Master Plan, namely, to fulfill the people's basic needs and to create a balanced economic structure. We have always carried out development based on the Trilogy of Development. We have created and maintained economic stability. We have also maintained a fairly high economic growth rate and increased people's living standards. We have achieved all these things by hard work and sacrifice. We are grateful for the fact that the First Long-Term Development Master Plan has successfully laid down a solid foundation for the next development stage, namely, the take-off stage. Equipped with the fruits of development, we are now ready to build our future.

Fellow countrymen, based on what we have done in the past 25 years, we are now laying the groundwork for our next 25-year development. We already have the guideline for this task in the 1993 Broad Outline of State Policy. In the Second Long-Term Development Master Plan, we want to build a progressive, prosperous, and self-sufficient society against the background of a balanced life. This aspiration is to be translated into several development targets. The Sixth Five-Year Development Plan specifies several development targets in the Second Long-Term Development Master Plan as well as the strategy to achieve such targets.

One of the major targets is to quadruple the Indonesian people's per capita income in real terms by the end of the Second Long-Term Development Master Plan. To achieve this goal, we must be able to achieve an annual economic growth rate of over 7 percent and make sure that all economic sectors grow and support one another. The industrial sector, being our main backbone, must grow under careful planning. The growth of the industrial sector at the earlier stage of the Second Long-Term Development Master Plan, namely, in the Sixth Five-Year Development Plan, must consolidate the industrial structure established earlier. Our industrial sector must continue to take advantage of our comparative superiority, namely, our huge natural and manpower resources. However, it is not enough to depend on these resources; we must bolster and reinforce our industrial structure. We must increase the technological content of our industry so we can produce competitive, high value-added products. We must continue to strengthen our downstream industries, which now constitute our primary industrial exports, and combine them with our upstream industries. This is the way we must take in establishing a dependable and independent national industry.

In this connection, we must promote the growth of the machinery industry, which will enable us to build machines and produce industrial equipment and goods. The machinery industry is a strategic one which must be able to support the growth of our industries in the future. We have opted for industrialization as the main vehicle for economic growth. This choice is made with good reason because we hope this sector will be able to produce high value-added goods and absorb plenty of manpower with high productivity. Industry is also the main vehicle for developing technology, which will turn us into a modern nation. This does not mean that we will neglect the agriculture sector, which will continue to benefit our economy.

An adequate food supply is very important for a country with a big population such as Indonesia; the main task of the agriculture sector is to ensure such an adequate food supply. We are aware that, despite the great progress we have achieved, the agriculture sector is still facing tough challenges. We must accelerate the growth of agricultural technology so we will be able to overcome natural obstacles such as climactic changes and pestilence. We must develop technology to boost our agricultural productivity and cope with a limited or dwindling agricultural area. We must also be able to shift manpower from the agriculture sector to other sectors, especially the industry sector. At present, the income of those working in the agriculture sector is lower than that of those working in other sectors. This is the course of action we will take, and growth in the agriculture sector will mean a more substantial improvement in the living standards of farmers.

The process of shifting manpower from the agricultural sector to the industrial sector usually takes place in the form of urbanization, which will create problems because urban areas are not ready to accept the rapid influx of rural people.

The strategy to cope with this problem is by developing industries in the rural areas to the point that industrialization does not necessarily mean urbanization. That is why we must quickly develop an agro-industry and agro-business, especially in the rural areas. All these things are not simple endeavors. We are speaking in terms of a succeeding development and economic structure which are not only increasingly more balanced but also more stable. We want to build a stable economic structure, capable of expanding in a dynamic way, supporting growth, and leading to equitable distribution. Hard work and serious efforts are required from all of us.

For this reason, growing public participation in terms of quantity and quality is needed, and the development of human resources will be given more emphasis in the Second Long-Term Development Master Plan. This being the case, we must promote suitable development program in all fields. We must continue to develop our economic, social, political, and administrative institutions so as to support the modernization of our society. In this way, we will be able to build this nation in a confident manner and turn it into a more progressive nation through its own strength.

We have not only development targets but also specific and definite targets in the equitable distribution of the fruits of development. We plan to fully eradicate the poverty problem in two Five-Year Development Plans. We plan to quickly rehabilitate backward regions and promote small- and medium-scale businesses in an effort to provide opportunities to start and establish successful business. We will promote cooperatives and turn them into an effective vehicle of the people's economic activities. We have done all this to maintain our economic control and keep it in accordance with our constitutional guideline.

We will continue to deregulate and debureaucratize our economy so as to lay the groundwork for a highly competitive national economy capable of surviving the increasingly competitive and a unified global economy. The move to deregulate and debureaucratize our economy in no way means the introduction of a liberal economy based on free competition. The 1993 Broad Outline of State Policy clearly stipulates that we must avoid such a liberal economy. Therefore, the move to deregulate and debureaucratize our economy with the incentives aimed at increasing our competitive power must be balanced with follow-up measures so our economy will always move toward the objectives of our independence.

Our efforts, resources, potentials, and policies must be directed at creating an economy based on justice and fairness. While we must pay attention to fundamental economic principles, we must also ensure that our economic system provides prosperity to everybody. These are the main duties of our development in the coming days.

If we look back, we can see how long and how difficult the path has been which we have traversed together. We have achieved many successes, but we are aware that we are still far away from the condition we want to achieve. The challenges we are going to face in the future are no less formidable when compared with those we faced in the past. Therefore, let us unite our determination, bolster our togetherness, and combine our resources. We only want one thing, namely, the realization of a progressive, prosperous, just, and enduring society based on Pancasila ideology. This is the way we will cherish the struggles and sacrifices made by our ancestors, who gave us dignity as an independent nation. May Almighty God bless our nation's next journey. Thank you. May peace be upon you.

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* Suharto Urges Further Money Market Development

94SE0203A Jakarta KOMPAS in Indonesian 8 Jul 94 p 1

[Text] In view of the prospects and role of the growing Indonesian capital market in economic development, the government will continue its efforts to stimulate this market so that it can develop even more quickly. To protect investors, the government is also drafting a basic law on the capital market, which will provide additional legal certainty to all operations of the capital market in Indonesia.

When he opened the Sixth Annual Financial Conference on the Pacific Area Capital Market and the 1994 Indonesian Capital Market Exhibition at the Jakarta Convention Center on 7 July, President Suharto said: "In addition, openness will continue to be promoted through disclosure regulations which are an essential characteristic of the capital market."

As was previously reported by Hasan Zein Mahmud, managing director of the Jakarta Stock Market, 500 participants from 23 countries are attending this three day conference. They include academic figures, research experts, government officials, businessmen, investors in the capital market, teachers, and university students. A total of 70 working papers, consisting of a balanced combination of empirical studies and practical experience, will be discussed. Foreign participants from Japan, Hongkong, Singapore, Korea, Malaysia, Taiwan, Australia, the Philippines, and Thailand are among those attending the meeting.

President Suharto said that Indonesian government policy on developing the capital market is based on the anticipated condition, structure, and development of the Indonesian economy over the next 25 years, which will differ from the condition, structure, and development of the economy during the past 25 years. In the future investment must continue to be promoted so that it can support desired economic growth.

According to the president, funds for investment can be obtained through foreign loans, direct investment, the purchase of stock by foreign investors, increased private savings, and increased savings by the government. However, investment financing through foreign loans will no longer be easy in the future, particularly through long term, soft loans. The president said: "In view of the challenges which the Indonesian economy will face during PJP II [Second Long Term Development Program] what must be encouraged is a policy on the sale of securities through the capital market as a source of development financing. It is for that purpose that the government will continue to urge business firms, including the BUMN [State Owned Enterprises Board], to make use of funds obtained through the capital market."

Some Uses

According to the president, development financing through the capital market will indeed provide some useful advantages to the business world, capital investors, and even the national economy. For the business world development financing through the sale of stock is an alternative source of long term finance. At the same time, short term financing can be obtained through bank loans. Investment needs financed by the capital market are often more profitable in comparison to other forms of finance.

He said that for the capital investor the capital market can be used as an instrument to diversify risk. In this sense the capital investor can look for investments with varying levels of risk and with corresponding returns.

The president said: "From the point of view of the national economy the sale of shares of stock is an efficient way to distribute funds which can increase the productivity of capital. With such added efficiency it is hoped that profits will increase for business firms which obtain investment finance through the capital market. Ultimately, this will increase the sources of development financing derived from tax collections."

The president also clarified the prospects and role of the Indonesian capital market, which was established relatively recently. Although the Indonesian capital market was only reactivated in 1977, the president felt proud to see that the capital market is developing rather quickly.

Why is this happening? According to the president, the people are increasingly aware of the importance of the role of the capital market in providing long term funding. For that reason and during the last few years the Indonesian capital market has developed into an attractive, investment instrument for domestic as well as foreign investors. He said: "Among other things this positive growth is apparent in the increasing number of transactions, the overall index of stock prices, the number of firms issuing stock, and the value of capital obtained through the stock market."

Quick Sale of Securities

Then the president referred to more detailed data. He said that the data on the sale of shares of stock on the Jakarta Stock Market (BEJ) shows a picture of increasing growth from year to o73 year. In 1990 the daily average of total transactions only amounted to about 30 billion rupiahs. By 1993 the daily average of total transactions had risen to 77.6 billion rupiahs. This means that there was an increase of more than 37 percent annually.

During the same, three-year period the value of capital obtained through the market rose by 558 percent, from 12.4 trillion rupiahs by the end of 1990 to 69.3 trillion rupiahs by the end of 1993. The number of business firms whose stock is traded on the stock market also continued to increase substantially.

President Suharto said: "The rapid development in share trading on the Jakarta Stock Exchange is very apparent in the value of capital raised, the number of shares traded, and the increase in value. Although the value of capital raised on the stock exchange is still relatively small, in terms of Gross Domestic Product, we can see that the role of the capital market in the national economy will continue to expand quickly."

Meanwhile, Minister of Finance Mar'ie Muhammad, in his speech at the conference, said that this occasion is a very good one to introduce the Jakarta Stock Market to the international world. It is hoped that for the Indonesian people this conference will be able to make its technical aspects more familiar in the effort to attract investment and promote the development of the capital market. The conference is being held through cooperation between the Jakarta Stock Exchange and the Pacific Basin Capital Market Research Center (PACAP) at the University of Rhode Island in the United States.

Minister: Rice Production Fails To Meet Target

BK1908032694 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 18 Aug 94

[Text] Ibrahim Hassan, state minister for food affairs and chairman of the Bulog [National Logistics Agency], admitted that domestic rice production this year has failed to meet its target due to droughts which have affected several rice-producing areas in and around Java. Speaking at a ceremony to mark the 49th independence day in Jakarta yesterday, Ibrahim Hassan called on the public to remain calm because Bulog is experienced in handling the issue. The minister also urged Bulog regional officers to closely monitor areas hit by droughts as well as the existing rice stock in their area of jurisdiction.

Replying to a reporter's question, Ibrahim Hassan disclosed that 100,000 tonnes of rice currently on loan to Vietnam will be returned by that country the third week of this month. About 100,000 tonnes of rice will be returned every month so that by the end of this year, a total of 650,000 tonnes of rice on loan to friendly countries will have been returned to Indonesia.

Philippines

Bishop Declines To Join ICPD Delegation

BK1908111794 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 19 Aug 94

[Text] Bishop Teodoro Bacani has declined to represent the Catholic Church on the government panel that will participate in the UN International Conference on Population and Development [ICPD] in Cairo. Bacani said he cannot leave his work here because of his tight schedule, but he gave a list of four possible candidates to represent the church. The president is studying the list.

Armed Forces Announces Plan To Reduce Personnel

BK1908051694 Quezon City Radio Filipinas in English 0230 GMT 19 Aug 94

[Text] Armed Forces Vice Chief of Staff Alfredo Filler says there will be a gradual reduction of military personnel. He says this is in line with the AFP [Armed Forces of the Philippines] high command's policy to modernize and streamline the military operations. Filler says the process of attrition will cover a period of from three to seven years.

BOI Reports 348 Percent Rise in Investments

BK1908060994 Manila PHILIPPINE DAILY INQUIRER in English 17 Aug 94 p 21

[Report by Corrie S. Narisma]

[Text] Investments registered with the Board of Investments (BOI) rose by 347.95 percent in the first seven months of the year to P246.01 billion [Philippine pesos] from last year's P54.919 billion.

The amount represented a total of 363 projects, or 28.27 percent higher than the 283 projects registered in the same period last year.

BOI documents showed that the equity component of the total project cost amounted to 33.5 percent or P82.3 billion. This reflected a 327.67 percent improvement over the year-ago level of P19.3 billion.

Of the total registered equity, local contribution accounted for the bulk of P57.24 billion or 317.83 percent higher than last year's P13.7 billion. Foreign equity amounted to P25.3 billion, representing a 351.77 percent improvement over last year's P5.6 billion.

The biggest source of equity, according to the same documents, was Hong Kong with total contribution of P7.58 billion or 26.470 percent more than the year-ago level of P28.5 million. This was largely triggered by the power generation project of Consolidated Electronic Power Asia of Hong Kong.

The United States followed with total equity contribution of P2.77 billion, or 496.7 percent higher than the year-ago level of P464.24 million.

Other top foreign investment sources and their respective contributions were: Bermuda, P2.72 billion; Malaysia, P1.94 billion; Japan, P1.54 billion; Thailand, P1.34 billion, and Singapore, P1.24 billion.

On a regional basis, Asia contributed the highest equity of P14.64 billion; the Caribbean region, P3.016 billion; North America, P2.77 billion, and Europe, P2.16 billion.

The biggest projects registered by the BOI during the first seven months were the P14.4 billion naphtha cracking and the P11.6 billion polyethylene and polypropylene projects of JG Summit Holdings; the P7.14 billion cement project of Alsons Cement Corp.; the P6.7 billion refined petroleum products project of Thai Petrochemical Industry Co. Ltd.; the P4.58 billion cement project of Hi Cement Corp.; the P3.45 billion polypropylene project of Mitsui Polypropylene Corp.; the P3.6 billion semiconductors manufacturing project of Integrated Microelectronics Inc.; the P3.23 billion oleochemicals project of Ludo and Luym Corp., and the P2.5 billion cement project of Republic Cement Corp.

Economic Growth at 5.27 Percent for 2d Quarter

BK1908101694 Manila PHILIPPINE DAILY INQUIRER in English 18 Aug 94 p 17

[Report by Alice F. Cabotaje]

[Text] Preliminary government figures have shown that the economy expanded by 5.27 percent during the second quarter of 1994.

An official of the National Economic and Development Authority (NEDA) told the INQUIRER that while the estimates were "soft and not firm figures," data for May and part of June pointed to the manufacturing and agriculture sectors as leading the growth.

Figures from the National Statistics Office (NSO) showed that the value of manufacturing output climbed 22.8 percent from the same period last year.

As for the agricultural sector, the Bureau of Agricultural Statistics recorded "a substantial growth" last April and May, another NEDA official said.

With the encouraging performance for the first two quarters, the official noted that the economy could achieve a growth beyond 6 percent for the year.

Economic Planning Secretary Cielito Habito, however, preferred to remain noncommittal, although he said that the 6 percent projected growth of the Manila Business Club was "feasible number."

The business group based its projection on the 4.8 percent expansion in the gross national product during the first quarter and an estimated 5.3 percent increase in the second quarter.

While the outlook for the year appeared rosy, NEDA officials warned against "slipping to complacency." They also raised the need to sustain growth by maintaining or accelerating the pace of production of the industry sector.

NSO figures already showed a declining share of industry in the gross national product (GNP), which measures the total value of goods produced and serviced rendered in the economy for a given period.

Industry's shares has dropped to 31.62 percent during the first quarter of 1994 from 35.56 percent in the same period in 1992.

In contrast, the share of the service sector climbed to 43.07 percent during the first quarter from 42.98 percent during the same period in 1992.

This trend, while showing growth, also indicated "deindustrialization," University of the Philippines Economics Professor Raul Fabella said.

"We should not forget that the conditions for recovery are hardly the conditions for sustainability," he added.

Thailand

Police Tipped on Arrival of European Terrorists

BK1908070094 Bangkok SIAM POST in Thai 19 Aug 94 pp 1, 16

[Text] According to Deputy Metropolitan Police Commander Police Lieutenant General Somchai Wanitseni, an instruction has been given to the North, South, and Thon Buri Metropolitan Police chiefs to step up collection of information about possible terrorist bomb attacks in Bangkok, particularly by inspecting suspicious articles in public places such as department stores, train stations, and the depots for buses going to northern, southern and eastern destinations.

Somchai said: "So far there is no information about activities of any foreign terrorist group looking for bombing targets in Thailand. However, it is necessary to undertake precautionary measures by ensuring coordination among all Metropolitan Police units.

According to a report from the Police Department, a foreign intelligence unit recently informed the Thai military that a European terrorist group headed by an Italian had come to Thailand. The military forwarded this urgent and secret information to the Metropolitan Police on 18 August so that its Special Affairs Section could plan preventive measures against possible bomb attacks in Bangkok. The Metropolitan Police has thus issued the above-mentioned instruction, emphasizing on low-key precautionary measures to avoid causing panic among the public.

Iranian Pleads Not Guilty to Bomb Charges

BK1908064394 Bangkok THE NATION in English 19 Aug 94 p A4

[Text] An Iranian alleged to have plotted to bomb the Israeli Embassy in March, Hosein Dasjiri, was formally arraigned in court yesterday on charges of manslaughter and possession of explosives.

Dasjiri entered a plea of not guilty and asked why he had been held in custody for more than two months before he was charged. He told the South Bangkok Criminal Court he had done nothing wrong or illegal.

Senior Judge Kamhaeng Komwutthikan replied that criminal cases in Thailand normally take a long time to conclude and there was nothing wrong with detaining the accused for long periods while evidence was being collected.

The prosecution told the court yesterday that there was sufficient evidence to back up the charges against Dasjiri, who then entered a plea.

Two other Iranians arrested with Dasjiri were released after the prosecutor said there was no evidence to link them to the case.

The court set September 23 for the next hearing of the case against Dasjiri. Dasjiri's lawyer was not present in court yesterday.

New Strategy on Illegal Immigrants 'Finalized'

BK1908054894 Bangkok THE NATION in English 19 Aug 94 p A8

[Text] The government has finalized a new national strategy to deal with the estimated half a million illegal immigrants in Thailand. The strategy includes provision for legalization of the immigrants in four provinces where there is a shortage of Thai labour, according to an Interior Ministry official.

Interior Minister Chawalit Yongchaiyut, who oversees the implementation of immigration policy, has ordered the formation of task forces to deal with and ensure the repatriation of illegal entrants from 30 border provinces.

The task force would comprise representatives from all government agencies concerned with the issue.

Chawalit has also instructed the Immigration Department to arrest illegal immigrants working illegally in construction sites and factories in Bangkok and the peripheral provinces of Ayutthaya, Lop Buri, Samut Sakhon and Samut Songkhram, said the official, who asked not to be named.

The government has approved a pilot project, which would allow the employment of illegal immigrants to compensation for the labour shortage in the provinces of Chiang Rai, Kanchanaburi, Ranong and Tak, he said.

In addition, detention centres would be built in six border provinces—Chiang Rai, Kanchanaburi, Nong Khai, Prachin Buri, Ranong and Songkhla—to accommodate illegals arrested in those areas and to alleviate congestion at the main Immigration Detention Centre in Suan Phlu, Bangkok.

Thailand is to "facilitate the immediate repatriation" of 6,800 Mon refugees to their camp inside Burma, now that local Burmese officers have guaranteed their safety.

The guarantee was given during "dialogue" last week between the Kanchanaburi-based 9th Infantry Division and the Burmese 61th Light Infantry Battalion. Both parties are part of the joint Thai-Burmese Commission, which oversees bilateral affairs along their common border.

Informed government sources yesterday said local Thai authorities would inform Mon representatives of the Thai decision to return them to the Halockhani camp, which they fled on July 21 after being attacked by troops from the 62th Light Infantry Battalion.

The Mon National Relief Committee had urged the government to postpone its plan to send the refugees back, saying there was no safety guarantee for the refugees, living close to the Burmese military outpost at the Three Pagodas Pass.

One source said the government "would not use force to push the refugees back into Burma," but would "facilitate their immediate return politely."

The sources said the government had come up with "a clear policy" on refugees during a meeting yesterday of all concerned government and military agencies, organized by the National Security Council .

The sources, who attended the meeting, said Thai agencies also decided to enforce a "strict diplomatic protocol" on foreign diplomatic missions and UN agencies that wanted to visit border areas.

They said diplomats and UN officials would have to ask for "official permission" from the Foreign Ministry's International Organizations Department. The rule applied to all the border areas with Burma, Cambodia, Laos and Malaysia.

The sources said the Interior Ministry had also adopted a new policy "to control and tighten up" the operations of 17 agencies that are providing humanitarian assistance and aid to the refugees. Workers with the agencies would be asked to register with the Interior Ministry.

Meanwhile, a fact-finding mission of the House committee on human rights was barred by local officers of the 9th Infantry Division from entering the border area where the Mon refugees were taking refuge.

NSC Blocks Access to Mon Refugee Camp

BK1908055294 Bangkok BANGKOK POST in English 19 Aug 94 p 3

[Text] The National Security Council [NSC] yesterday blocked access to a Mon refugee camp on the Burmese border by a House Committee on Human Rights fact-finding committee.

A committee member said Ninth Division Deputy Commander Col Thawip Suwannasing cited the NSC order in denying the team entry.

The team had arranged the trip to the camp in Sangkhla Buri District, Kanchanaburi with the local Border Patrol Police [BPP] unit.

An estimated 6,000 Mon refugees have been in the area since July 21 after fleeing a Burmese army attack on their Halockhani camp.

Team member Angkhana Sibunrot said the team sought to gather facts about the refugees, the situation on the ground and to speak to local authorities such as the BPP and relief organisations in order to compile a report for House Committee on Justice and Human Rights chairman Dr Suthin Nopphaket.

He said the BPP company was prepared to receive the team and had obtained vehicles to take them into the area.

But when the team arrived, with reporters in tow, the BPP company said it had received orders from the Ninth Division for the team to report to it to seek permission.

The team then contacted Col Thawip who said the NSC had issued an order yesterday morning that anyone seeking access to the area must seek the permission of the Foreign Ministry.

The team did not know why permission had to be sought from the Foreign Ministry and was unclear who should be contacted at the ministry.

A team from the Reuters news agency was allowed into the area.

Col Thawip said the team was allowed entry as they had contacted the Ninth Division before the NSC order was issued yesterday morning.

The Reuters team said they did not have much of an opportunity to speak with relief workers or villagers because a large number of BPP officials were present.

The House fact-finding team was trying to contact the Foreign Ministry and NSC yesterday to "establish the truth about the policy of preventing visitors to the refugees from Halockhani camp".

In an interview in Bangkok Wednesday, NSC Secretary-General Gen Charan Kunlawanit said the Mons were not refugees but illegal immigrants.

He said the Mons would be repatriated when safe to do so as Thailand has no policy of keeping illegal immigrants.

Gen Charan said Thailand was showing "mercy" by not pushing these people back into danger.

The NSC chief said he had received a letter from the U.S. ambassador urging the Thai authorities to bring the Mons deeper into Thailand for their safety. The Mons are currently at a place called Ban Ton Yang.

Gen Charan said the Mons would be safe even if they were only one metre inside Thai territory.

Government Not To Ban Entry of al-Arqam Leader

BK1908052094 Bangkok BANGKOK POST in English 19 Aug 94 p 6

[Text] Thai officials indicated yesterday the leader of a controversial Muslim sect which has been banned in Malaysia, Brunei, Indonesia and Singapore, would still be granted a visa to Thailand later this month.

Deputy Foreign Minister Surin Phitsuwan said earlier this month Thailand would not bar anyone, including the al-Arqam leader Ashaari Mohammad, from entering the country as long as they carried a valid passport and had not committed any crimes.

Thai police have said there is no evidence to implicate the 57- year-old Ashaari, or the fundamentalist Muslim sect he heads, in any criminal activities.

Cambodia Seeks Interrogation of Thais on Coup

BK1908051294 Bangkok THE NATION in English 19 Aug 94 pp A1, A4

[By Marisa Chimprapha]

[Text] Phnom Penh—Cambodia wants to interrogate 19 other Thais who it believes were involved in the coup attempt in early July, but it yesterday confirmed that it would release five of 14 detained Thais today or tomorrow.

In Bangkok, senior officials confirmed the imminent release of five Thais, but denied knowledge of the new Cambodian request. East Asian Affairs Department director general Don Pramutwinai said five detainees would be freed today and would return to Thailand tomorrow. There was no confirmation concerning the names of the Thais to be freed.

Cambodia's Interior Minister Yu Hokkri said yesterday that he had already sent a list of the 19 other Thais wanted for questioning in connection with the abortive coup to Thai Ambassador to Phnom Penh Sakthip Krairoek and sought cooperation on the issue.

The 14 Thai detainees were captured on July 3 on suspicion that they helped influential Cambodian figures, Prince Norodom Chakkrapong and Gen Sin Song, stage the coup. The request to question 19 more takes the number of Thai coup suspects to 33.

"We have already received the list of the 19 from the Interior Ministry. However, we have to ask for more details of them because what we have in hand is only the names. We are waiting for this and will give full cooperation," said Sakthip.

The envoy added if the 19 Thais' answers are considered helpful to the investigation, they may become state witnesses.

"Cambodia believes that all the 33 came to Cambodia as a group," Sakthip said without elaboration.

Yu Hokkri told reporters that he still wanted to question Pol Col Capt [Police Colonel Captain—title as published] Adun Bunset, a former Phichit MP of the New Aspiration Party and Thanongsak Suratananun, executive director of Hightech Antena Co, Ltd.

"The questioning of both is still needed. We are ready to send a team to Bangkok for this matter as they refused to come here for interrogation," Yu Hokkri, who is head of a committee investigating the Thais said. He refused to reveal when the committee would send a team to Bangkok.

Yu Hokkri told reporters that five people will be released either on Friday or Saturday into the care of the Thai embassy.

"The case of the 14 Thais has been forwarded to the court and now it is up to the court to decide on the matter. The court has given me two months to investigate more on the nine Thais," he said.

However, he said the two months are not enough. A legal source yesterday said Cambodian police are authorized to ask the court to detain a man for up to 360 days. Thai police can ask the court for a detention order of 84 days.

The source confirmed that the released Thais will not include a man identified as Narongsak, who is a close aide of Pol Capt Adun. The nine would be charged with involvement in staging unrest in the country.

Australian Trade Minister Continues Visit

Discusses Economic Ties With Chuan

BK1908065394 Bangkok Radio Thailand Network in English 0000 GMT 19 Aug 94

[Text] Prime Minister Chuan Likphai expressed his admiration for Australia's role in the framework of the

Asia-Pacific Economic Cooperation and ASEAN Free Trade Area. Visiting Australian Minister for Trade Senator Bob McMullan paid a courtesy on Prime Minister Chuan Likphai at the Government House.

The Prime Minister said Thailand and Australia stand a good chance of expanding their trade and investment relations. Two-way trade between Thailand and Australia has increased steadily over recent years and amounted to 36,000 million baht or 2,000 million Australian dollars last year. Thailand now becomes Australia's 17th largest trading partner.

Senator Bob McMullan said Australia is aware of Thailand's potential in this region. He said the purchasing power of this region is on the rise because of economic expansion, and the increase in the number of population. Both Thailand and Australia are interested in stepping up their cooperation in education. At present, a larger number of Thai students are pursuing their studies in Australia. Senator Bomb McMullan is leading an Australian business mission on a visit to Thailand during 16 to 20 August.

Wants Faster Food, Drug Registration

BK1908054494 Bangkok BANGKOK POST in English 19 Aug 94 p 6

[Text] Australian Trade Minister Bob McMullan called on the Public Health Ministry yesterday not to waste time registering food and drugs imported from, and exported to, Australia.

Mr McMullan, in a meeting with Public Health Minister Athit Urairat, emphasised the importance of promoting the food and drug trade between the two countries.

Dr Athit said most problems occur during the registration of medicines.

"The FDA [Food and Drug Administration] has to maintain the quality of drugs consumed by people in Thailand, so 60 days is not a long time in considering the registration of drugs," he said.

He said Mr McMullan had proposed reducing the registration process to 45 days or less, but he did not think this allowed enough time to check the drugs properly.

Dr Athit said he explained the regulations to his visitor.

"I also explained that we do not intend delaying registration because we want additional money. It is because we have to be careful."

He said the committee considering the registration of food and drug imports was made up of respected citizens from various fields and they had to be careful in making decisions .

Dr Athit said he had asked officials to consider the matter and to contact the authorities involved if there were problems with any particular product.

FDA technical expert Suwit Wibunprasoet said one of the problems causing delays in the registration of food and drugs was the difference in laws between the two countries.

He said a lot of time was also taken up in the trade of canned food, seafood and ice cream products.

Government Spokesman Aphisit Wetchachiwa said the talks focused on widening economic cooperation in Southeast Asia and Mr McMullan agreed Thailand would become the centre for joint investments in the region.

They also discussed Mr Chuan's planned visit to Australia at the end of the year.

The spokesman said there was no discussion on the brief war of words between the military establishments of the two countries after Australian interest groups said they were worried Australian arms sold to Thailand might end up in the hands of the Khmer Rouge.

Japanese Trade Official To Support Investment

BK1808141794 Bangkok Radio Thailand Network in Thai 0000 GMT 18 Aug 94

[Text] Japan intends to promote investment in foreign countries, especially in small and medium industries in Thailand.

Japan's Deputy Minister of International Trade and Industry Takeshi Tanihata told Industry Minister Sanan Khachonprasat during his courtesy call that he would try his best to induce Japanese investors to invest in Thailand. He said Japan needed to make the move due to the appreciation of the yen. Tanihata also informed Sanan that Japan will be hosting the APEC ministerial meeting next year in Osaka. The subject of Japanese investment in Thailand will be raised for talks during Prime Minister Chuan Likphai's official visit to Japan next month.

Vietnam

Hanoi Reports End of Border Talks With PRC

BK1808152694 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 18 Aug 94

[Text] From 14 to 18 August in Hanoi, the second round of government-level talks between Vietnam and China on territorial borders was held, including issues related to the East Sea.

The Vietnamese delegation was led by Deputy Foreign Minister Vu Khoan, and Deputy Foreign Minister Tang Jiaxuan led the Chinese delegation. The two sides reviewed the previous specialist-level meetings involving land borders and the Gulf of Tonkin. The two sides acknowledged the positive results of the meetings and worked out directions for future specialist-level talks on land borders and demarcation of the Gulf of Tonkin.

The two sides focused on exchanging views on issues related to the East Sea. Each side clearly presented its position, and the meeting to exchange views has helped both sides understand each other's viewpoint better and to review progress in relations between the two countries since the resumption of normal relations, especially after the friendly visit to China by President Le Duc Anh. The two sides also exchanged views on measures to boost bilateral relations in various areas.

Tang Jiaxuan invited Vu Khoan to lead the Vietnamese delegation to visit China in 1995 to continue the third round of government- level talks on territorial borders. Vu Khoan accepted the invitation with pleasure. The visit will be arranged in accordance with diplomatic procedures.

Foreign Minister Nguyen Manh Cam warmly received on 16 August Deputy Foreign Minister Tang Jiaxuan and the Chinese delegation. The meetings of the two delegations took place in a friendly and frank atmosphere. Chinese Ambassador Zhang Qing participated in the activities of the delegations.

Recent Border Talks With PRC Reviewed

BK1908120394 Hanoi Voice of Vietnam in English 1000 GMT 19 Aug 94

[Text] As reported earlier, the second round of talks on border and territorial issues at the governmental level between Vietnam and China was held from 15-18 August in Hanoi. The talks were conducted according to the agreement signed last October on principles of solving all such disputes on land and on the sea. Two other rounds of talks on these issues will be conducted between Vietnam and China from now till the end of this year. Here is the summary on the status quo:

At these talks, Vietnam and China reviewed the results of four previous talks at expert level on mainland border issue and the delineation of Tonkin Gulf. These results enable further talks to be held.

Vietnam and China also frankly discussed the Eastern Sea. Vietnam once again reaffirmed its sovereignty over Hoang Sa [Paracel] and Truong Sa [Spratly] Archipelagoes, and at the same time, pointed out that Vietnam plans to solve all disputes from sovereignty and territory and other issues relating to the Eastern Sea through peaceful negotiations on the principle of equality, mutual understanding, and mutual respect. Vietnam also respects international laws and practices, especially the UN 1992 Convention on the Law of the Sea, and respects for the sovereignty of coastal countries over their exclusive economic zones and continental shelves.

Vietnam held that while promoting negotiations to find out a long-term and basic solution, all parties concerned should maintain the current status quo and stability and refrain from any acts which might make the situation more complicated such as the use of violence or threat to use violence. Vietnam also expressed on the difference between the promotion of dispute over Truong Sa and Hoang Sa Archipelagoes and the preservation of Vietnam's sovereignty, sovereign rights, and jurisdiction over its territorial waters and continental shelves.

Addressing a press conference held in Hanoi on Thursday afternoon, the spokesperson of the Vietnamese Foreign Ministry said the talks helped both Vietnam and China further understand each other's stance. The talks proceeded in the atmosphere of frankness and mutual understanding. However, the Ministry for Foreign Affairs pointed out that these complicated issues could not be solved just in one or two rounds of talks.

Chinese Deputy Foreign Minister Tang Jiaxuan, head of the Chinese delegation invited Vietnam's Deputy Minister Vu Khoan to China for the next round of talks at governmental level. The invitation was accepted and a date will be fixed through diplomatic channels.

Dissident Monk Arrested in Tra Vinh Province

BK1808143194 Hong Kong AFP in English 1324 GMT 18 Aug 94

[Text] Hanoi, Aug 18 (AFP)—The Vietnamese authorities said Thursday a dissident Buddhist monk had been arrested but they denied reports that he was detained with 100 followers after holding a three-day demonstration in Ho Chi Minh City this month.

Vo Van Sy, whose clerical name is the venerable Thich Giac Nguyen, was arrested August 7 in his home province of Tra Vinh and is being held for enquiries, foreign ministry spokeswoman Ho The Lan told a press conference.

The monk had committed numerous "dissident acts" she said, adding he has a criminal record and has spent time in a reeducation camp.

In a statement the Paris-based information office of the dissident unified Buddhist church of Vietnam had said the monk demonstrated in the former Saigon to protest religious persecution in his home province. It was the first time monks have demonstrated there since the country was unified in 1975.

The report said Giac Nguyen and his followers were arrested by police after they had demonstrated for three days, August 1-3 in front of the town hall.

Giac Nguyen, 30, is the son of a South Vietnamese "revolutionary" killed during the Vietnam War, which saw the defeat in 1975 of the South Vietnamese government, the spokeswoman said.

He was kicked out of the official Buddhist church in Tra Vinh after an argument in July, she said, adding the case "is a criminal matter and has nothing to do with religion.

Do Muoi Addresses Fatherland Front, Part 1

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["First part" of speech by party General Secretary Do Muoi at the opening session of the Vietnam Fatherland Front's Fourth National Congress in Hanoi on 17 August—recorded]

[Text] Dear members of the Presidium, delegates, and distinguished guests: On behalf of the party Central Committee, I warmly welcome the Fourth Congress of the Vietnam Fatherland Front [VFF], the major event of the national great unity bloc. I warmly welcome various delegates representing the national great unity and the united Vietnamese nationalities bloc. From this solemn forum, I would like to convey my kind regards and best wishes for the happiness and achievements of our countrymen throughout the nation and abroad. [applause]

At this happy and encouraging moment today, our entire people turn their minds—with boundless gratitude—toward great President Ho Chi Minh, founder of the party, the VFF, and our state who led our people to continue and develop the tradition of great unity and the invincible strength of the Vietnamese people, the people who underwent various glorious struggles to build and defend the nation in the several thousand-year history of Vietnam. President Ho Chi Minh's proven truth: "Unity, unity, great unity; Success, success, great success" has forever helped illuminate each step of our nation's development. [applause]

On this occasion, we also remember those persons and comrades who closely worked side by side with Uncle Ho to continue and outstandingly carry out his concept of national great unity; who have made sacrifices to the glorious cause of the national united front; and who have set various good examples and drew valuable experiences in the tasks and organization of the VFF. They are Comrades Huynh Thuc Khang, Ton Duc Thang, Nguyen Van To, Bui Van Doan, Phan Ke Toai, Nguyen Luong Bang, Hoang Quoc Viet, Tran Duy Dieu, Duong Duc Hien, Xuan Thuy, Huynh Thuc Phat, Phan Anh, Tran Dang Khoa, Trinh Dinh Thao, Phung Van Cung, Ho Xuan Lap, and other persons. [applause]

I would like to convey our profound sentiment to lawyer Nguyen Huu Tho, chairman of the VFF Central Committee Presidium, former chairman of the National Front for the Liberation of South Vietnam, and an elite patriot who has made valuable contributions to the cause of the all-people great unity during the past several decades, especially in the persistent and unyielding struggle for national liberation of our heroic countrymen in southern Vietnam. [applause]

I would also like to convey the party Central Committee's kind regards to persons and comrades who have made great contributions to consolidating and strengthening the VFF during the past years. I would like to highly commend and thank those comrades who are carrying out VFF activities at various echelons, especially those at the grass roots units who work and live close to the people in localities throughout the country to create a firm linkage between the people, the party, and the administration; and who are motivating the people to close their ranks and assist one another to build and help subwards, villages, and hamlets develop further.

We warmly welcome our distinguished guests attending this congress who bring friendship, international solidarity, and valuable support from our friends from all five continents. [applause]

Ladies and gentlemen, dear comrades, Vietnamese of all generations are very lucky to be living in the most splendid era of our national history; namely, the Ho Chi Minh era. More than six decades ago, in response to President Ho's call, our people rallied under the party's banner and closed ranks within the front. Starting as slaves who had lost their country and had no place to call home, our people staged the August Revolution of 1945, regained their human rights and role as masters of the country, and established the first people's democratic state in Southeast Asia. In this way they claimed their place among the nations that played a vanguard role in the struggle for independence, freedom, and social progress.

We have fought protracted and arduous, yet very glorious wars of resistance for national salvation. With the resounding Dien Bien Phu victory in 1954 and the Great Victory in the early spring of 1975, we restored our independence and achieved national unification. Having inherited and carried on our ancestors' traditions, our people have continued adding glorious pages to the history books during the new stage. These traditions include the national liberation epic written with the blood and bones of many generations, the strength of an age-old culture, and the iron determination of an entire nation whose citizens would rather die than lose their country and become slaves.

On this occasion, on behalf of our people, I would like to sincerely thank our friends around the world for the wholehearted support and assistance they provided us during those months and years of arduous struggle, thus making positive contributions to the victories of the Vietnamese people. [applause]

Today, by overcoming difficulties at home and the great challenges arising from the complicated international situation, our people are striving to carry out a far-reaching and comprehensive renovation initiated and directed by the Communist Party of Vietnam. Initial yet very important achievements have been made. Our country has not only stood firm but has continued to make progress. The living conditions of a majority of people have improved. Democracy has been expanded with each passing day. The law-governed state that belongs to, comes from, and works for the people has been constantly consolidated. The friendly and cooperative ties between our country and the world community have been constantly improved. The prestige of the Vietnamese Government has been constantly enhanced in the world.

Those achievements must be credited to the common efforts of patriotic Vietnamese from all walks of life, ethnic groups, and religious faiths; in the plains as well as the highlands and in both urban and rural areas. They must also be credited to our overseas Vietnamese residents. Everyone is displaying singlemindedness; remaining closely united; and enthusiastically implementing party and state lines, policies, and laws.

Having made great sacrifices in war and outstanding efforts in postwar reconstruction, the Vietnamese people earnestly want and deserve to live in peace, independence, freedom, and happiness. Furthermore, they are fully capable of making these aspirations come true.

The path in front of us, however, is still full of obstacles. To date, in spite of the advantages and opportunities that are enabling us to advance to a new stage of development, our country is still poor and backward. The average income per head is still lower than that of many other countries in the world and in the region. In the meantime, there are still elements of instability that we should not ignore. On the other hand, corruption and smuggling, together with social vices, are still developing at a serious level and complicating society.

Uncle Ho always reminded us when he was alive that: Without the people we cannot achieve anything, even the easiest tasks; with the people's help we can accomplice all tasks, no matter how difficult they are. Our people are the decisive factor in all military victories as well as in all achievements in our renovation undertaking. Moreover, our people should then be the decisive factor in seizing opportunities, overcoming all difficulties, subduing all risks and obstacles to rise from poverty and backwardness and succeed in the struggle for a prosperous people, a strong country, and an equitable and advanced society, thus helping our country catch up with developed countries in the world community. That is an enormous duty for the present generation.

More than ever, we have to strive for the consolidation of the national unity bloc, the development of the patriotic tradition, the spirit of independence, national pride, self-sufficient and self-reliant determination, and the unity of all the people inside as well as outside the country who belong to the great family of Vietnamese nationalities to create conditions for the fulfillment of the aforementioned enormous duty.

The class of Vietnamese workers is the vanguard force of the people. For more than half a century, our workers' class has been pioneering in the struggle of the national democratic revolution, and is still leading the renovation undertaking. Our economic structure is experiencing a major transformation in parallel with social structural changes that are also affecting the workers' class. In a multi-sectoral economy, some 5 million workers and laborers are now working not only in state enterprises and cooperatives but also in private establishments and joint ventures with foreigners. We must enhance the knowledge of the workers in all areas, promote unity within the workers' class and between workers of state and nonstate enterprises so as to fully implement the great national unity policy, and at the same time cooperate with private entrepreneurs and foreign investors for the purpose of economic development in terms of lawful business operations and fulfillment of obligations to the state. We should respect the lawful rights of the employers while trying to protect the legitimate entitlements of the workers.

Farmers are a major force of our revolution who have endured a great deal of hardship and sacrifices and contributed significantly to the liberation of the people and the construction and protection of the fatherland. Currently, some of the most important tasks of our revolution are building a prosperous, beautiful, and advanced rural region, improving the living standards of farmers countrywide, ensuring better social equity and democracy in rural areas, and caring for education, public health, culture, social needs, population and family planning activities, so that we can implement step by step the industrialization and modernization processes in agriculture and socioeconomic development in the rural areas.

* How To Fight Against 'Peaceful Evolution'

942E0066 Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese May 94 pp 7-10

[Article by Major General (Associate Professor) Le Hong Quang: "Struggling Against 'Peaceful Evolution' in Political and Ideological Field"]

[Text] After World War II, the opportunists had been loudly talking about "nonideologicalization," with the intent to destroy the prestige and prevent the effects of Marxism-Leninism, as well as to get rid of the ideological weapon of the worker class, working people, and oppressed nations. Today, the adversary forces of all kinds are concentrating their efforts in demanding the "nonpoliticization" and "nonideologicalization" of social life, the state, and the army. However, those who demand loudly are doing absolutely nothing to carry out the so-called "nonpoliticization" and "nonideologicalization." They are actively attacking the ideology of the worker class and working people, namely Marxism-Leninism, the socialist countries, and the revolutionary forces struggling for independence and social progress. Nixon, in his book, *1999—Victory Without War*, openly called for "seizing the historic opportunity, launching a political offensive in form and concept to accelerate the 'peaceful evolution' in regard to the socialist system." After the collapse of the Soviet Union and Eastern European socialist countries, in his book, *Seize the Moment: America's Challenge in A One-Superpower World*, Nixon continued to call for marching forward, seizing the opportunity "to turn the 21st century into America's 2nd century," taking advantage of the victory to move forward, approaching,converting, "eliminating, roots and all, socialism and communism...." The current U.S. president has said that the first responsibility of a president is to define a foreign policy based on strengthening democracy and human rights (in accordance with the bourgeois ideology, of course), and that to achieve this, "it is necessary to combine all our strengths—our economic strength, our values, and most importantly our military strength"!

So, by its nature, the imperialists' "peaceful evolution" takes military deterrence as its support and calls for concentrating efforts on effecting an economic, political, ideological, cultural, and way-of-life encroachment into socialist countries to make these countries "disintegrate from within" and to lead to "shortening of its life expectancy" and "the end of communism." To obtain these results, they consider the peaceful evolution in the political and ideological field their leading goal, aimed at breaking up the Marxist- Leninist ideology and moving toward overthrowing the socialist system. They disseminate hostile arguments, rejecting Marxism-Leninism as an "obsolete" and "utopian" ideology. More specifically, they concentrate their attack on eliminating the leadership role of the communist party and distort and blacken the superiority and achievements of socialism. They praise the values of capitalism in regard to freedom, democracy, human rights, bourgeois living, capitalist political pluralism, and so on. They take advantage of open freedom and democracy to exaggerate the failures and mistakes having taken place in the socialism-building process in order to deceive, win the support of, and instigate the masses, thus destroying the latter's confidence in the communist party. Particularly, they aim to instigate those who tend to vacillate easily, to be opportunistic, and to make mistakes and organize them into an opposition force that advances arguments against Marxism-Leninism. They seek every means to promote an ideological disintegration, a change of political views, and the creation of an opposition and adversary force within in order to gradually change the political line leading to the abolishment of the leadership role of the communist party. Brezhezinsky, in his book, *The Great Failure*, openly mentioned the American imperialists' scheme in the ideological warfare disseminating the values of American-styled freedom, democracy, and human rights to accelerate the collapse of communism: "Creating a theoretical base for direct activities aimed at gaining democracy, the major opposition organizations grew up 'in the heart of the communist regime' and helped people of various political views to gradually mature and to become a real political opposition faction."

For our country, the "social nonideologicalization" that some influential circles are trying to sell actually is just a plot to neutralize and reject Marxism-Leninism and the Ho Chi Minh thoughts. It is aimed at sowing political, ideological, and organizational disturbances in our party and state machinery; making cadres, party members, and the masses follow vague ideas, deviate from the established political direction, and become spiritual slaves of the bourgeois ideology; and promoting a pragmatic way of life, with disinterest in politics, and creating a social thinking favoring a demand for a "change of color" of the system. They are using the new historical conditions fully, particularly the collapse of socialism in the Soviet Union and Eastern Europe, the decline of the socialist revolutionary movement, and the objective trend toward greater international exchange and cooperation, to develop the ideological struggle, hoping "to destroy the unified one-bloc posture of the CPV, [Communist Party of Vietnam]" "to divide the Vietnamese communist system into many opposing trends," to lead to disintegration and collapse from within, and thus to abolish national independence and socialism in Vietnam in the next few years. In an article in THE CHRISTIAN SCIENCE MONITOR in December 1993, Journalist Clayton Jones made a noteworthy observation: "The streets of Hanoi during the Cold War had been the hottest battlefield when U.S. B52's were dropping bombs there and Vietnamese antiaircraft guns were being used to fight back. However, now after two decades, what falls from the skies are not bombs but foreign programs beamed from satellites, which Vietnam cannot counterattack. At private counters in Hanoi, in the black market, smuggled videotapes, or violations of intellectual properties, are seen everywhere...."

As to the means of operation, they fully use objective conditions in regard to opening up and increasing international exchange and cooperation in many fields in order to launch a *strong, decisive, total, and in-depth ideological attack* aimed at "ousting" Marxism-Leninism and the Ho Chi Minh thoughts and "wrecking" the CPV and the SRV state as soon as possible, without waiting for future generations as it has been planned before. Strong economic, political, ideological, cultural, social, and way-of-life encroachment is carried out as they hope to quickly change the world and life outlook in the masses, particularly among cadres and party members, in accordance with the fixed direction of imperialist values. Brezhezinsky affirmed that America had four superiorities, namely, military might, political prestige, economic strength, and global cultural and political influence, which all had been used to gain success in the ideological struggle. The newest communications technologies and the most modern printing and publishing means had been used on the ideological battlefield.

They take advantage of the fine purposes of activities having to do with cooperation, assistance, charity, and so on in order to carry out the dark schemes of "ideological warfare"; they take advantage of legal activities to cover up their propaganda and counterrevolutionary activities, and even to help establish reactionary and opposition organizations. They advance such labels as "political pluralism," "multiparty," and "democracy" and arouse interest in "human rights," "religion," and "nationalistic" issues in order to cause political disturbances; strengthen acts of sabotage in the ideological and cultural fields; and distort our renovating efforts, cause dissension between the people and the party, sabotage the national cultural characteristics, and so on.

From the broad ideological offensive, they attach special importance to combining it with "deep-boring warfare" aimed at cadres and party members, particularly those who hold leadership or leaders' staff positions, in order to create a force opposing the system right inside the party and state. We must study and thoroughly understand the situation and give encouragement to those cadres who have made mistakes, have wrong views and thinking, have become deviant in terms of their life outlook and way of life, and have serious personal dissatisfaction.

From the ideological offensive based on the formula of classical "psychological warfare" propaganda and action, they are doing their best to exploit the new conditions. Taking advantage of the good will of the governmental and nongovernmental international organizations, which assist Vietnam in exchanging experience and training cadres, they try to infiltrate, to plant agents, to help to establish and build opposition forces, and so on. Former U.S. President Reagan considered education and training "the furnaces of Western society making people tempered in terms of morality and standards" and exerting influence on those who have been trained so as to mold them in "American civilization" way of life and concept, to train them to become "the support of society," and to gradually achieve "peaceful evolution."

Anti-Communism and modern revisionism are fully using the new conditions and advancing arguments that seem relevant to the era and country so as to deny the class struggle and socialist revolution; to deny the party's leadership role and the state's management and executive role; and to demand a "return of power to the people," which actually means to change the state's nature and to turn it into a tool that goes against the nation and people. As they are rejoicing at the fact that the opportunity seems to have come for seizing power and abolishing the CPV's leadership role, they no longer simply "criticize" but also actively organize seminars and propose plans and programs for "rebuilding Vietnam in the post-Communist period." They think that a unique road to development has been found to allow the country to escape the so-called "foreign ideology," "neither socialism nor capitalism," in conformity with our national characteristics. These arguments can deceive only those people who are thoughtless and believe easily, for they constitute a sort of primitive capitalism dependent on imperialism and full of disasters for the people and country.

The adversary forces fully use all overt, legal, illegal, and brought-in-from-outside forces; build forces everywhere, from densely-populated centers to remote and ethnic areas; and establish opposition forces inside the country, to be combined with an overall alliance of forces coming from the Vietnamese living, working, and studying in foreign countries, in order to take part in the fight against us in the political and ideological field. They even make arrangement for a ruling machinery to be set up.

The ideological struggle takes place on a broad front and goes deeply into the body of society. The adversaries attach special importance to raising the ideological opposition flag right in the heart of the leading organs of the party and state. They hope to form opposition ideological trends leading to rival sides and factions like the ones that had existed in the Soviet Union and Eastern Europe. They pay attention to influential people in the party and state machinery, reactionaries disguised as religious personalities, powerful people among ethnic groups, capable scientists and artists, and so on, who through social prestige and personal activities have influenced many strata of the population. This is the reason why, in the "deep-boring warfare" that the reactionary forces are planning to pursue, in the coming years they will be paying a lot of attention to the internal situation of the party and state, ethnic and religious issues, and so on.

One thing that requires special attention in this struggle is the fact that the outside forces and the domestic reactionaries always maintain a close coordination. The outside regularly has a very tight leadership and at the same time, in many ways, provides strong assistance in money and means to ensure and create strength for political and ideological activities, to cause social disturbances, and thus to create unexpected circumstances in the "peaceful evolution," including armed rebellion, overthrow, and so on.

From the above analyses we can arrive at the following conclusions:

- Along with the building task, the task of defending the socialist fatherland is being raised in an urgent manner. The "peaceful evolution" plot and action of the adversary forces are being greatly accelerated and threatening the security of our fatherland. The ideological struggle is taking place every day, every hour, everywhere, and in an extremely complicated manner. Therefore, to persevere in following Marxism-Leninism and the Ho Chi Minh thoughts and to thoroughly understand the party's line and views in regard to the renovation is *the topmost important political responsibility of every cadre, party member, citizen, and soldier,* for the purpose of holding fast to the political and ideological battleground and defeating all of the enemy's villainous and shrewd plots. Everybody needs to recognize the fact that the present ideological struggle between us and the adversary forces is a long, decisive, and very complicated one that is aimed at both preventing the "peaceful evolution" dangers and providing a very basic guarantee against other dangers, which must be eliminated one by one in order to successfully build and steadily defend the socialist Vietnamese fatherland.

We must strongly arouse socialist patriotism in the heart of every Vietnamese and the determination not to accept the shame of poverty, backwardness, foreign domination, and dependence so as to show the strength of the entire Vietnamese national community, to overcome all challenges, to seize great opportunities, to remain steady, and to develop.

- *No matter what field we are in, we must always remain alert and vigilant, have good regular political concept, and remain steady on the political and ideological battlegrqund.* We must on our own initiative actively uncover the adversary forces' plots and tricks aimed at fighting and destroying us in all fields, mostly in the political and ideological field.

The thing we need to pay attention to is the fact that America has lifted the trade embargo and is gradually moving toward normalizing its relations with us. This is the result of a long struggle on the part of our people and the progressive American people; at the same time, it also lies in the strategy of opening up, diversifying, and multilateralizing the international relations within the process of our party's and state's renovation and building and defense of the fatherland. However, under no circumstances will the adversary forces want to abandon their intention to fight and destroy our desire to build our country in the set socialist direction. This is something we must entertain absolutely no ambiguity nor illusion about and must pay attention to in order to follow the situation closely to know the true nature of the good will involving in it.

- *We must strengthen reviewing of our experience and developing of arguments,* struggle in time and without any letup, and reject the adversary forces' reactionary arguments in an effective manner based on arguments and realities. At the same time, we must make everybody distinguish in a scientific and persuading manner between correct and wrong views, and effectively defend Marxism-Leninism and the Ho Chi Minh thoughts on the basis of renovation, revolution, and creativity. *We must strongly renovate education and training,* in all aspects including curricula, contents, and method organization. We must ensure that everybody, first of all cadres and party members, have a high degree of "immunity" allowing them to resist any enemy political and ideological offensive tricks. And furthermore, cadres and party members must be active and creative subjects on the ideological struggle battleground, and even in the hottest locations and under the most complicated circumstances.

- We must strengthen the party-building work, particularly the building of clean and strong basic-level party organizations, and the task of educatiing and training cadres and party members. *We must strongly protect every party organization, every party base, and every cadre and party member,* particularly the cadres and party members who hold important positions. We must concentrate our efforts on defending the party's political ideology, line, views, organizational principles, and activities, as well as the quality and morality of communist party members. Let us not allow the adversary forces' activities to enter the body of the party and state organs.

Appointed Judges Begin Work in Economic Court

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[Text] To implement the amended law on the organization of people's courts, the Supreme People's Court and people's courts at all levels have actively speeded up the establishment of economic courts and selection of judges from qualified economic arbitrators.

The economic court under the Supreme People's Court has been established and the state president has appointed eight judges.

* Technical Maintenance in Huong Giang Army Noted

942E0081A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese May 94 pp 59

[Article by Senior Lieutenant Colonel Nguyen Dang Thien, Acting Chief of Technical Department: "Technical Maintenance at Huong Giang Army Corps"]

[Text] Technical maintenance is one of the most important factors in giving the armed forces strength in combat. No matter how perfect combat plans may be and how well prepared and well trained troops may be, combat effectiveness will be limited considerably if the armed forces do not have enough good weapons and necessary modern equipment in hand. In the present era of scientific-technological development and electronic warfare, and given the enemy's extremely crafty and wicked war tricks, the role and significance of weapons and equipment must command our special attention more than ever. Besides men, who are a factor in deciding victories, the fact that troops are equipped with modern means and weapons of high quality and with a high degree of accuracy will allow us to master our combat activities and considerably increase our combat effectiveness.

As a strategically mobile army corps, the Huong Giang army corps' present political task is very difficult. Under any circumstances, the army corps must permanently maintain its high combat ability and readiness and must be ready on the move in order to promptly fulfill all duties entrusted to it by the higher echelons. Therefore, technical maintenance—ranging from less important work such as supplying cleaning cloth, cans of oil or grease, or nails and screws, to ensuring combat mobility for tanks, armored cars, heavy artillery guns...—is becoming all the more urgent, necessary, and complex.

Technical maintenance work must be geared toward the following objectives: sufficiency in supplies, on-time departures and arrivals of units, and prompt and long-term fighting on all terrains, in all kinds of weather, during the day or at night...

Aware of the importance of technical maintenance work, over the past years many generations of the army corps' leaders and commanders and technical department chiefs have paid great attention to achieving these objectives. In the past, the army corps has moved many times from one place to another to engage in fighting and conduct training on many battlefields and in many different localities. Wherever it went and fought or was stationed, the army corps always ensured that, while troops could live in tents or be sheltered in people's homes, vehicles, machines, artillery guns, tanks, armored cars, ammunition, and other materiel were kept in houses or properly covered and maintained. The army corps has also paid special attention to maintaining and economically using modern equipment and weapons. With such strategic views on technical maintenance work, which is now of even greater practical significance, it has maintained a very large volume of equipment, materiel, and weapons, enabling it to promptly fulfill all national defense duties.

At present, the equipment, materiel, and weapons being managed and used by the army corps are degrading naturally in terms of technical conditions and modernness. This is natural, in view of the fact that they have existed for scores of years and been used for many years because of the strong development of science and technology. Even a certain quantity of new equipment, materiel, and weapons, though sealed up, stored, and maintained through advanced technical methods... more or less cannot avoid gradual degradation and must be maintained and repaired. Studies must also be conducted to improve and heighten their modernness in keeping with the general development of the military art and military science and techniques. Besides, the way equipment, materiel, and weapons are used and maintained has also contributed considerably to their degradation.

To ensure that equipment, materiel, and weapons are in the service of combat readiness and training and to restrict their degradation, we must, on the one hand, gradually acquire new equipment, materiel, and weapons, change the dates of usage of existing ones, and be creative in studying ways to improve their functions and heighten their modernness. On the other hand, efforts must be concentrated on the tasks of sealing up, storing, maintaining, and repairing existing equipment, materiel, and weapons; and on using them reasonably and economically in training and combat readiness activities. All this work requires a large budget and a large quantity of material supplies. Now that the national economy is still lagging, that the national defense budget is still limited, and that old material supplies and spare parts are no longer available while their new sources are scarce, a danger has arisen: failure to do technical maintenance work properly makes it difficult for the army corps to fulfill its politial task at the present time. In addition, in the long run, say 20 years from now, the army corps will not have enough equipment, materiel, and weapons to fight.

Well aware of the guidelines on technical maintenance work—showing initiative and an independent spirit, practicing economy, struggling to ensure 95-100 percent of technical effectiveness for weapons and 95-98 percent for tanks and armored cars, and implementing all set objectives—the army corps must adopt the following major measures:

First, carry out technical maintenance work in an integrated and concentrated manner, with emphasis on key points, and with priority given to combat ready units. The army corps must begin correctly classifying equipment, materiel, and weapons and reorganizing their storage and alloment according to the new table of organization. Part of the equipment, materiel, and weapons of best quality should be allotted fully and evenly (including technical personnel) to mobile combat-ready units according to the table of personnel organization so they will be able, under all circumstances, to move to designated positions promptly and on schedule and to perform well entrusted duties. All echelons and sectors of the army corps must intensively carry out technical maintenance work so that the equipment, materiel, and weapons of these units will be constantly stabilized and of good quality. Most of the equipment, materiel, and weapons are still in crates and boxes. Those of grade 1 or 2 must be stored in warehouses in an integrated manner according to the table of organization, to categories, to labels, to months and years of production... and in conformity with combat positioning arrangements. It is necessary to adopt new techniques in the sealing and maintenance tasks according to the principles of easy checking and maintenance and of convenient, swift, accurate and complete issuance and distribution. Equipment, materiel, and weapons of "average" quality will be repaired and used in training. Efforts should be made to study step-by-step ways to modify them in order to improve their effectiveness in training and usage.

In the long run, technical maintenance work must be concentrated primarily on preventing the degradation of equipment, materiel, and weapons. Those now available in the army corps must be satisfactorily maintained so that they will not degrade or will not be reduced quantitatively. In the days to come, the army corps must concentrate on investing in building new stations and workshops and consolidating existing ones. It must intensively engage in repairing and restoring in place equipment, materiel, and weapons.

Second, step up management work and increase sources of investment for the technical maintenance task. First of all, the army corps must adopt and use the sources of financial and material supplies allotted by the higher echelons for technical maintenance work. These sources, though very limited and accounting for a small percentage in the army corps' needs, are basic, steady and long-term sources. What is important is that these sources must be spent and used according to plans, to the purpose and with emphasis on important duties and objectives set forth above.

Equipment, materiel, and weapons must be managed well through book-keeping work, while systems to maintain and store them in warehouses must be seriously implemented. There is a need to continue increasing the effectiveness of preventing and combating fires, explosions, and losses and to completely eliminate losses of equipment, materiel, and weapons in warehouses. Using equipment, materiel, and weapons not required by set duties and not to the purpose must be prohibited and dealt with promptly.

In addition, combining the investment by the higher echelons with its own efforts, the army corps must exploit the strength of the new economic mechanism, take the initiative in expanding relations with localities and friendly units... It must actively exploit and seek the latter's support and assistance, step up troops' labor activities, and engage in sideline business in order to further increase the army corps' budget in the service of technical maintenance work. In 1993, the army corps earmarked from its self-balanced budget more than 1 billion dong for the technical maintenance task, acquiring a quantity of new equipment, material supplies, technical spare parts, building materials, maintenance materials..., thereby helping to increase the technical coefficient of equipment, materiel, and weapons.

Concerning the discarding of equipment, materiel, and weapons, the army corps has always complied with the regulations set forth by the higher echelons and has thoroughly understood the guidelines of practicing economy. We must discard only that equipment, materiel, and weapons, which are really useless, too old or broken, or which have been stripped of still usable spare parts and accessories after they were completely and thoroughly used. These spare parts and accessories must be repaired and maintained for future use as substitutes to increase the technical coefficient of equipment. It is important to combat fear of difficulties in repair work and the practice of selling out things that appear to be unreparable, which is reflected in the tendency to see only immediate gains but not lasting interests.

Third, increase the operational effectiveness of repair shops and specialized technical personnel. The army corps is currently stationed in a fairly large area where coming and going is difficult because the roads are in poor shape and are becoming increasingly worse... and combat duties require high mobility. Therefore, the maintenance and repair of equipment, materiel, and weapons are very necessary. The consolidation of repair stations and the building of new ones, which are aimed at increasing the abilities of repair stations of all levels, will not only meet the highest degree the army corps' combat readiness, but will also save a considerable amount of gasoline, oil, equipment... This work is of practical significance for both military and economic tasks, in peacetime as well as in wartime, clearly reflecting the army corps' motto: full of initiative, creativeness, and self-reliance.

The army corps' all-level stations and workshops will be built and strengthened with engineers, technical personnel, and skilled craftsmen. Old equipment and chains of operation will be replaced with new ones to enable stations and workshops to perform correctly all repair tasks assigned to them. Workshops are in charge of fairly difficult repairs for groups of units and the entire corps. Lower-level stations take care of all minor repairs, ensure fairly difficult repairs for groups of units, advance toward even more difficult repairs, and quickly and promptly fix on the spot damages and break-downs so as to minimize transportation or towing of equipment for repairs at higher levels.

Exploiting the strengths of stations and workshops and of the market, workshops, on the one hand, must take the initiative in setting up chains of production of cases and boxes of ammunition of all kinds, of small parts of equipment, and of various spare parts to ensure satisfactory completion of repairs of equipment, materiel, and weapons. On the other hand, they must participate in economic activities to increase the sources of financial supplies in order to reinvest in national defense duties. They must see to it that the output of machines and equipment and highly skilled technical personnel is not wasted.

Fourth, apply scientific and technological progress to technical maintenance work and study ways to improve equipment, materiel, and weapons in order to heighten their modernness and effectiveness and ensure their economic use in training and combat. Coordinating these tasks with the implementation of regulations and systems on permanent maintenance work, the army corps has initially applied the Ministry of Defense's advanced tropicalized technical procedures to the long-term sealing and maintenance of equipment, materiel, and weapons. An inspection of this process shows that it has yielded some satisfactory results. In the days to come, the army corps must continue studying and following up its progress and coordinate with higher-echelon specialized technical organs in drawing conclusions and applying them throughout the army corps. Some special kinds of equipment, materiel, and weapons are easily subject to degradation or damage, like storage batteries, electrical systems, oil, brakes, optical and automation systems, tires...The army corps must coordinate step-by-step with higher-echelon specialized organs and military and non-military units in studying ways to prevent degradation and damages and ensure the highest efficiency of equipment. Advanced techniques must be applied to preventing and combating fires and explosions in warehouses and stations. Stations and workshops must participate in studying and testing themes put forth by the army corps and the Ministry of Defense on the improvement of equipment, materiel, and weapons.

The army corps has also encouraged and stepped up scientific researches and initiatives aimed at improving equipment, materiel, and weapons in support of training and study. One of the remarkable initiatives was the designing and building of mock T54 tank cabins to train tank drivers, making teaching and learning even more convenient and effective. As a result, the number of trainees has increased nearly tenfold over the same previous period, saving many hours of running engines and fuel.

Fifth, be active in forming and training specialized technical personnel. Faced with the fact that technical cadres and personnel have decreased, both quantitatively and qualitatively, due to peacetime organizational demands, the short military service time, and the social effect..., the army corps has taken a great interest in forming its own specialized technical force. Advocating training and improving technical cadres and personnel in many ways and quickly taking in new, advanced techniques, the army corps has adopted various training methods, including large-scale training, on-duty training, and sending people to study at higher-echelon, military and non-military establishments of high technical standards and with modern equipment and sspecialized craftsmen. It has quickly improved the operational standards of technical cadres and personnel on the roll and has by itself formed hundreds of new technical cadres and personnel to promptly fill up vacant slots according to the requirements of duties. It must constantly ensure that the technical force is assigned sufficiently and evenly to combat ready units, training units, and stations and workshops. To maintain a sufficient force of technical personnel to meet demands, the army corps must advocate, with the approval of the higher echelons, mobilizing craftsmen of high specialized standards and train them into professional specialists. It must also satisfactorily manage the reserve inductee force of the technical sector. The technical department has coordinated with other organs of the army corps in fully and systematically establishing records of the number and specialized standards of drivers, specialized craftsmen, and technical personnel who are reserve inductees. There must be a close coordination between the army corps and the local authorities and military agencies with a reserve force in closely control the sources of inductees. Efforts must be made to constantly check and control the mobilization situation, to complement mobilization projects, and to be ready to muster a sufficient technical force to meet specialized demands when receiving orders from the higher echelons. Every year, refresher training, training, and research work for the reserve technical force must be organized on schedule with all technical subjects taught.

Australia

South Pacific Forum's 'Vision Statement' Viewed

BK1908102694 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 2 Aug 94 p 5

[Article by Rowan Callick: "Forum's 'Vision' Gives Excess Logging the Chop"—all dollar figures given in Australian dollars]

[Text] The new, focused approach of the South Pacific Forum, fostered by Australia, produced significant advances yesterday on fishing, logging and rationalising the multitude of island airlines that last year lost $100 million.

And Mr Keating and Mr Francis Hilly, Prime Minister of Solomon Islands—which depended on logs for 60 per cent of export revenues in 1993—announced a radical debt-for-nature swap through which Australia pays Solomon Islands $2 million to halt logging by a Malaysian company in the Marovo Lagoon area.

Marovo, in the western Solomons, is one of the Pacific's most beautiful lagoons with considerable tourism potential and has been proposed for world heritage listing.

Mr Keating said of this deal: "Unless the environmental piracy of foreign logging companies operating in the South Pacific is controlled, the future for the region will be bleak."

Australia will also provide legal help to Solomon Islands to renegotiate logging licences to ensure sustainability and experts to monitor them.

The heads of government of the 15 Forum nations met at the Kooralbyn resort in the Gold Coast hinterland, unaccompanied by officials, to consider the theme established for this 25th Forum: "Managing Our Resources".

They agreed on a form of vision statement, as did the APEC [Asia-Pacific Economic Cooperation] countries at Seattle last year:

On fisheries—where the local return on a recorded annual tuna catch of $1.5 billion is less than $50 million: a multilateral approach, with the Forum as a whole to seek agreements with the distant water fishing nations at their meeting in December; and greater resources to go to the Forum Fisheries Agency.

On airlines: a meeting of operators and civil aviation authorities to examine options for rationalising air services, taking into account the needs of sub-economic routes to remote islands.

On forests: they expressed "strong concern about the exploitation of tropical forests in the region", welcomed efforts by Vanuatu and Solomon Islands to halt unsustainable logging and to introduce independent monitoring via Swiss company SGS and endorsed a plan by these countries, together with Papua New Guinea, to consider uniform legislation and practices for forestry.

On tourism: noted the need to protect the region's fragile coastal zones and considered suggestions in a report based on Australia's experience.

To reappoint former Kiribati president Mr Ieremia Tabai as Forum Secretary General for three years.

Mr Keating, who both chaired the meeting and was chosen as formal spokesman, said it was important "to let wealthy nations like Japan and South Korea know that they can't acquire valuable resources for sub-economic rates of return".

The airline losses were "a very large drain on the net income of Pacific island countries," he said.

Asked whether he would raise with Dr Mahathir the behaviour of Malaysian logging companies in the region, Mr Keating said: "I haven't mentioned Malaysia, but I think the important thing is that Pacific island countries are not exploited by unscrupulous companies."

Court Rejects Challenge of Timor Gap Treaty

BK1808080394 Melbourne Radio Australia in English 0500 GMT 18 Aug 94

[Text] Three East Timorese people have lost their challenge in the Australian High Court to the validity of the Timor Gap Treaty between Australia and Indonesia. Anne Barker reports that the plaintiffs claimed the treaty was void under international law because Indonesia has no sovereignty over East Timor.

[Begin Barker recording] The plaintiffs claimed that legislation passed in 1991 enacting the Timor Gap Treaty is invalid on the grounds that it refers to a treaty, which is void under international law and that by signing the treaty with Indonesia, Australia had breached its international obligations.

In its decision delivered today, the court has made no judgement on whether the treaty itself is void, stating that even if it is, the legislation enacting it is still valid. The only way the treaty can still be declared void is by the United Nations International Court of Justice, which is yet to hear to a similar challenge by Portugal. [End Recording]

Annual Defense Talks To Be Held With Indonesia

BK1408125794 Melbourne Radio Australia in English 1100 GMT 14 Aug 94

[Text] Australia and Indonesia have decided to hold annual talks between defense ministers. The move follows a recent visit to Indonesia by Australia's defense minister, Robert Ray. In a television interview today, Senator Ray said Australia had no such arrangements with any other country. He said Indonesia was the most critical country outside the United States alliance to Australia's security.

On another issue, Sen. Ray said Australia had just appointed three defense trade representatives in Jakarta, Kuala Lumpur, and Bangkok. He said their job was to expore opportunities to bolster Australia's arms trade with the region and to market Australian technology. Sen. Ray also said that Australia had still not made a decision on possible training aid for Cambodia's military.

Interest Rates Record First Rise in 5 Years

BK1708072494 Melbourne Radio Australia in English 0500 GMT 17 Aug 94

[Text] Australia's official interest rates are on the way up for the first time in five years. The Reserve Bank has announced it will lift cash rates by three quarters of one percent. The interest rate rise is aimed at curbing inflation repression and follows substantial overnight interest rate rises in the United States. Belinda Trompe reports that home loan interest rates are likely to rise as well.

[Begin recording] [Trompe] Major banks are remaining tight-lipped about if and when they'll pass the rate rise on to home borrowers. An executive director of Swiss Bank-Australia, John Fraser, says today's rise in official rates won't be the last with another rise of at least one percent likely in the next 12 months.

[Fraser] As that happens they will obviously have the impact on home mortgage rates and perhaps it will be another one percent, 1.5 percent on top of the present 8.75 variable rate and there will be also effects on the fixed rate mortgages as well.

[Trompe] Aside from lifting rates, the Reserve is also making sure the banks are a little less generous in the size of home loans by taking steps to discourage banks from lending more than 80 percent of the value of a house. [end recording]

Unemployment Rate Lowest in Years

BK1108065494 Melbourne Radio Australia in English 0500 GMT 11 Aug 94

[Text] Australia has recorded its lowest unemployment rate for more than three years. Adrian (First) reports the country's jobless rate now stands at a seasonally adjusted 9.5 percent.

[Begin (First) recording] That's a drop of one half of a percent during the month of July and the trend estimates of unemployment has plunged by the same amount. On a seasonally adjusted basis an extra 90,200 Australians start work during the month. The figure is so extraordinary, the Bureau of Statistics has published a separate advisory note to confirm the numbers are correct. The total of working Australians has now exceeded its previous peak in June 1990, jumping to 7.97 million. Around the states, the biggest falls in the jobless rate have come in South Australia and Western Australia, each down 0.8 percent. Going against the national trend though, Tasmania's unemployment rate has jumped 1 percent to 10.9. [end recording]

Papua New Guinea

Secessionists Call UN To 'Facilitate' Talks

BK1508062594 Melbourne Radio Australia in English 0500 GMT 15 Aug 94

[Text] The secessionist Bougainville interim government has renewed its call for United Nations special envoy to facilitate peace talks between themselves and the Papua New Guinea [PNG] Government. The call comes after the meeting between the parties set down for 19 June to be brokered by the Solomon Islands Government was canceled. PNG Prime Minister Paias Wingti called off the meeting saying he wanted talks with the Bougainville Revolutionary Army leadership and not the secessionist leaders based outside Bougainville.

The self-styled interim government representative to the United Nations, Mike Foster, says the cancellation of the meeting shows PNG is not prepared to make peace. He says that confirms the need for United Nations involvement in the peace process to ensure that any progress toward peace is implemented.

Security Forces Retake Panguna Copper Mine

Canberra Hopes Talks To Continue

BK1808083394 Melbourne Radio Australia in English 0500 GMT 18 Aug 94

[Text] The Australian Government says it hopes the retaking of the Panguna copper mine on Bougainville by Papua New Guinea's [PNG] security forces does not stall the dialogue process. The Foreign Affairs Department in Canberra said the PNG Defense Force had a legitimate role on Bougainville, but the department spokesman said Australia believed the Bougainville conflict could not be resolved merely by military means. He said dialogue was underway on Bougainville and the retaking of the mine should not stop those exchanges.

The spokesman said Australia noted the comments by PNG's Prime Minister Paias Wingti that his government's main aim was reconciliation.

The foreign affairs spokesperson for the Australian Democrats, Vicki Bourne said she hoped the retaking of the mine did not signal an increase in military activity. Senator Bourne, who is one of the Australian parliamentary delegation that visited Bougainville in April said it was difficult to believe that the military action had the support of most members of the PNG Government.

Commander Says Operation 'Not Over'

BK1808064294 Melbourne Radio Australia in English 0500 GMT 18 Aug 94

[Text] The operation by the Papua New Guinea [PNG] security forces to retake the Panguna copper mine in

Bougainville is not over yet. Sean Dorney reports that the Defense Force commander, who has just returned to Port Moresby from Bougainville, says more time and continued government support are required.

[Begin Dorney recording] PNG's Prime Minister Paias Wingti announced two days ago government troops have recaptured the Panguna copper mine in Bougainville central ranges without opposition from the rebels. He was going on a briefing from his defense force commander, Brigadier General Bob Dademo, then on-the-spot. But having returned from Bougainville, Gen. Dademo has clarified the situation, saying more time and continued strong government support are needed. He has got nothing but praise for Mr. Wingti, however, saying the military appreciates the prime minister's consistency of purpose and direction. [end recording]

Yesterday, a senior Defense Force officer said troops had surrounded the mine, but they were still about one km from it and that patrols were being sent in to monitor the movement of fighters of the Bougainville Revolutionary Army who have occupied the area since 1990.

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